Despite war's end, early March sales declined 17.4%

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — Car dealers had better keep their yellow ribbons up for a while in hopes that customers will come back.

Total sales of domestic and imported cars and trucks dropped 17.4 percent in the first 10 days of March, according to *Automotive News*. The decline, based on reported sales from some companies and estimated sales of others, is figured on a daily selling-rate basis.

February import sales, Page 35

There were eight selling days in the March 1-10 period this year and nine days last year.

The results debunked predictions that sales would improve once the Persian Gulf war ended. Many dealers reported that traffic picked up, but the traffic wasn't translated into sales, said Tom Webb, economist for the National Automobile Dealers Association.

"I was sort of surprised by the numbers," Webb said. "I had spoken to quite a few dealers, and they almost universally reported an increase in showroom traffic."

Actual sales of U.S.-built cars

see 10 DAYS, page 35

10-DAY CAR AND TRUCK SALES, BY MAKE

	Mar. 1-10 1991	Mar. 1-10 1990
ACURA (Imp.)	2,427	3,010
ALFA ROMEO (Imp.)*	54	53
ASTON MARTIN (Imp.)*	1	1
AUDI (Imp.)*	175	451
BMW (Imp.)*	673	1,091
Domestic car*	2,652	3,873
Imported car*	17	88
Domestic truck*	155	69
Chrysler Division*	2,824	4,030
Domestic car*	7,644	9,139
Imported car*	492	351
Domestic truck*	8,370	11,753
Imported truck*	65	302
Dodge*	16,571	21,545
Domestic car*	780	817
Imported car*	97	310
Eagle*	877	1,127
Domestic truck*	3,565	4,914
Jeep*	3,565	4,914
Domestic car*	4,524	6,379
Imported car*	172	348
Domestic truck*	3,410	3,297
Plymouth*	8,106	10,024
Domestic car*	15,600	20,208
Imported car*	778	1,097
Domestic truck*	15,500	20,033
Imported truck*	65	302
CHRYSLER CORP.*	31,943	41,640
Imported car*	85	244
Imported truck*	52	97
DAIHATSU*	137	341
FERRARI (Imp.)*	16	16
Domestic car	26,052	33,209
Imported car	767	1,594
Domestic truck	23,202	35,462
Ford Division	50,021	70,265
Domestic car	5,103	6,488
Lincoln	5,103	6,488
Domestic car	6,702	9,666
Imported car	1,198	520
Mercury	7,900	10,186
Domestic car	37,857	49,363
Imported car	1,965	2,114
Domestic truck	23,202	35,462
FORD	63,024	86,939
Domestic car	11,651	11,718
Buick	11,651	11,718
Domestic car	5,509	6,143
Cadillac	5,509	6,143
Domestic car	20,822	33,815
Imported car	1,420	4,242
Domestic truck	29,790	42,474
Imported truck	2	26
Chevrolet	52,034	80,557
Domestic car	9,055	12,765
Domestic truck	639	410
Oldsmobile	9,694	13,175
Domestic car	10,060	12,234
Imported car	446	502
Domestic truck	524	601
Pontiac	11,030	13,337
Domestic car	671	0
Saturn	671	0
Domestic car	57,768	76,675
Imported car	1,866	4,744
Domestic truck	30,953	43,485
Imported truck	2	26
GENERAL MOTORS	90,589	124,930
Domestic car	9,344	8,919
Imported car	4,546	5,382
HONDA	13,890	14,301
Imported car*	1,762	2,396
HYUNDAI*†	1,762	2,396
INFINITI (Imp.)*	381	310
Imported car*	134	80
Domestic truck	48	86
Imported truck*	1,364	2,321
ISUZU*	1,985	2,487
JAGUAR (Imp.)*	114	349
LAMBORGHINI (Imp.)*	3	3
LEXUS (Imp.)	816	970
LOTUS (Imp.)*	5	5
MASERATI (Imp.)*	4	4
Domestic car	1,197	1,331
Imported car*	1,754	3,100
Domestic truck	142	0
Imported truck*	1,408	1,994
MAZDA*	4,501	6,425
MERCEDES-BENZ (Imp.)*	796	1,378
Domestic car	695	1,122
Imported car*	1,952	1,774
Imported truck*	765	728
MITSUBISHI*	3,412	3,624
Domestic car	1,699	1,964
Imported car*	3,076	6,522
Domestic truck	1,957	3,512
Imported truck*	2,261	3,883
NISSAN*	8,993	15,881
PEUGEOT (Imp.)*	63	96
PORSCHE (Imp.)*	64	188
RANGE ROVER (Imp.)*	40	72
ROLLS/BENTLEY (Imp.)*	20	20
SAAB (Imp.)*	362	455
STERLING (Imp.)*	42	81
Domestic car	1,033	54
Imported car*	1,045	2,261
SUBARU*	2,078	2,315
Domestic car	11	0
Imported car	89	95
Domestic truck	80	0
Imported truck	323	320
SUZUKI	503	415
Domestic car	4,774	6,797
Imported car	5,800	8,738
Imported truck	3,969	5,246
TOYOTA	14,543	20,781
Imported car*	1,507	2,606
Imported truck*	76	132
VOLKSWAGEN*	1,583	2,738
VOLVO*†	1,145	1,453
YUGO (Imp.)*	49	114
Domestic car	129,978	166,433
Imported car	33,569	51,201
TOTAL CAR	163,547	217,634
Domestic truck	72,321	102,578
Imported truck	10,325	15,121
TOTAL TRUCK	82,646	117,699
TOTAL CAR & TRK	246,193	335,333

*Estimated †Breakdown of North American built and imported car sales not available.
There were 8 selling days in the period this year and 9 last year.

Accord, the best-selling car in 1989 and 1990, is trailing Cavalier and Taurus so far in 1991.

Ford F series has been truck sales king since 1976, but the Chevrolet C/K has outpaced it in 1991.

NEW LEADERS: *Chevrolet C/K and Cavalier pass F-series, Accord in sales race*

By Kathy Jackson
AUTOMOTIVE NEWS STAFF REPORTER

The Honda Accord and the Ford F-series pickup, last year's leaders in car and total-vehicle sales, are playing catch up in the early months of 1991.

The Ford F series trailed the Chevrolet C/K pickup by 2,552 sales at the end of February. At the same time last year, the F series was ahead of the Chevrolet C/K by 8,046 units.

Chevrolet Cavalier and Ford Taurus have surged ahead of the Accord, which was the best-selling car nameplate in the United States in 1989 and 1990.

Last year, Honda led the sales race every month, usually trailed by Taurus and Cavalier.

But at the end of February, Cavalier was 997 units ahead of Accord. Taurus had sold 66 more cars than Accord by Feb. 28.

Michael Luckey, president of the Luckey Consulting Group in Creskill, N.J., says he believes Cavalier and Taurus sales have been buoyed by fleet purchases.

"What's really weak are individual purchases," Luckey says. "The weakness in Honda will begin to improve as the overall market improves."

Lee McMillan, a Northbrook, Ill., auto analyst, agrees: "Taurus is a very important fleet car, so it sticks out like a sore thumb. There's not so much going on at the retail level."

The Ford F series has been king much longer than the Accord. It has been the top-selling truck since 1976 and the best-selling vehicle since 1981.

The Chevrolet C/K has always played second-best to the F series, coming up short by 34,526 sales last year, but the Chevrolet truck outpaced its Ford rival in both January and February.

McMillan, president of Marksmen Management & Research, theorizes that the consumer rebates on the C/K may be more effective than the dealer rebates on the F series.

GM offers a $500 customer rebate on the C/K. Ford reimburses dealers $100 to $700 on F-series sales, depending on the number sold.

"The dealer incentives don't pack that much punch," McMillan says.

GM's incentive program expires April 7; Ford's expires April 10.

Ford still sells more trucks than Chevrolet, but Chevrolet continues to chip away at the lead.

Through Feb. 28, Ford had sold 162,935 trucks, 18,161 more than Chevrolet. At the same time last year, Ford led by 19,316 units.

Japanese win big in truck share

By Joseph Bohn
TRUCK EDITOR

Spurred by new trucks and a recessionary trend away from full-sized pickups and vans, Japanese manufacturers are making huge gains in light-truck market share in the United States.

The trend is expected to continue in 1991 as additional U.S. production capacity for Japanese trucks comes on stream.

During the first two months of this year, Japanese-based truck manufacturers captured 17.4 percent of the U.S. light-duty market, a big 3.5 percentage-point gain over January and February 1990.

They had 16.2 percent of the light-truck market for all of 1990, up 1.2 points from 1989.

The gains ended a brief period in which the U.S. Big 3 took truck share from the Japanese. In 1989, for instance, compact pickup sales dropped, and Japanese light-truck sales declined more than 81,000 units from 1988.

In January and February, Japanese light-truck sales dipped only 4.3 percent to 97,554. Big 3 light-truck sales plummeted 26.7 percent to 462,300 compared to the 1990 period.

The Japanese are benefiting chiefly from minivan sales.

They took 12.0 percent of the minivan market during the two months, compared to only 4.7 percent in the period in 1990.

The Toyota Previa minivan provided 7,449 sales during January and February, up from 1,279 a year ago when it was new to the market.

Mazda's MPV minivan provided 6,662 sales, up from 5,809 a year earlier.

Importers' share of the small pickup market was 39.9 percent during the same two months, up just 0.40 of a percentage point from a year ago.

And their share of the compact sport-utility segment dropped to 24.6 percent in January and February from 27.4 percent a year ago.

The small-truck segments have been growing, while full-sized segments, in which the Japanese have virtually no presence, are off.

Full-sized pickups took 23.3 percent of light-truck sales during the first two months of this year, down from 27.9 percent a year ago.

Similarly, full-sized vans' share dropped to 6.6 percent from 7.8 percent a year ago. And full-sized sport-utilities' share dropped to 1.3 percent from 1.9 percent.

To some degree, the importers' market gains are exaggerated by the recession, says analyst Wendy Needham of Smith Barney, Harris Upham & Co. of New York.

Needham says domestic manufacturers sell a higher percentage of business-related trucks than do importers, whose trucks are more geared to personal use. With added U.S. production capacity in the compact segments, the Japanese share is likely to continue to grow.

Toyota Motor Sales U.S.A. Inc., for example, has been short of compact pickups because it has to share production of that Japanese-built vehicle with other world markets.

New United Motor Manufacturing Inc., Toyota's joint venture with General Motors, is due to begin producing compact pickups this summer at a rate of 100,000 annually. That will give Toyota

see TRUCKS, page 36

Fleets are ray of sunshine in sales gloom

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

Fleet orders from corporations and daily rental companies continue to buoy industry sales during a severe slump in retail sales.

Commercial fleets represent about 30 percent of the total U.S. market, according to industry estimates, although that may have risen in recent months as retail sales have faltered.

"Chrysler tells me they're keeping a van plant open just to handle commercial fleet business," said Jay Campbell, director of administrative operations for LMV Leasing, based in Pittsburgh.

"That has never happened before," she said. "The fleets have always been given some consideration by the manufacturers, but we've never had the clout to actually keep a plant open just to meet orders."

James Noonan, senior vice president of marketing for PHH FleetAmerica, a fleet-lease company based in Hunt Valley, Md., called fleet sales the "one ray of sunshine" in overall industry sales.

"Commercial fleet sales and sales to daily rental companies are really propping things up," said Noonan.

Though he said some companies are downsizing their fleets, orders to PHH FleetAmerica are running about the same as last year. But he said the company has felt some side effects from the recession.

"The fleet industry has always been rock-solid stable for the manufacturers," he said. "The normal trend in this industry has been toward growth and expansion, but orders are running at about the same level as last year, so there has been some impact from the recession."

Noonan said light-truck orders are up over last year, but that could be due to a migration to

see FLEET SALES, page 34

AROUND THE WORLD

Europe's execs predict 4% sales dip for 1991

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, Germany — West European car sales fell for the seventh straight month in February amid industry projections that volume for all of 1991, excluding the former East Germany, will fall by 500,000 units, or nearly 4 percent.

Britain's Economist Intelligence Unit, a private research organization, polled the chief executives of Europe's six largest carmakers and reported last week that the leaders predict a decline of about 3.8 percent this year, to some 12.7 million units. But most of the executives expect a slight recovery in 1992.

The London-based research group itself projects a decline of 4.8 percent, to 12.6 million units, in 1991. The projection also excludes the former East Germany, where the organization foresees sales of 300,000 cars in 1991.

Meanwhile, February sales declined 3.5 percent in 17 West European countries, to 1,061,700 units, according to a combination of industry estimates and official registration figures compiled by *Automotive News*.

But without the buoyancy provided by continuing strong German sales, the decline would have been much steeper.

While the overall market continued to falter in February, German sales surged 44 percent from a year earlier, to 319,000 units.

Through the first two months of the year, German sales rose 50.1 percent, to 654,000. In stark contrast, Europe's next four biggest markets — Italy, France, the United Kingdom and Spain — declined for the first two months.

When German results are subtracted from the two-month sales totals, European sales plunged 15 percent in the first two months of this year.

According to the EIU survey, Germany will continue as the main exception to the overall trend this year. But the industry leaders do not expect the strength of the German market to compensate completely for sharp declines in several other key markets.

The research organization itself projects that German sales, excluding the former East Germany, will rise 1.9 percent, to 3.1 million units, during 1991. At the same time, it expects the French market to fall 9.5 percent, to 2.09 million units; Italy, 11.4 percent to 2.08 million; the United Kingdom, 7.9 percent to 1.85 million; and Spain, 7 percent to 920,000.

Volkswagen Group, General Motors and Ford Motor Co., all well-represented in the buoyant German market, showed sales gains during the first two months of 1991. Italy's Fiat Group and France's Peugeot S.A. and Renault S.A. all turned downward because of their heavy dependence on the declining Italian, French and Spanish markets.

Ford is compensating for the collapse of its biggest European market, the United Kingdom, with big gains in Germany. Ford's sales here rose 64 percent in February, to 34,100, and were up 76 percent, to 71,000, for the first two months. Gains by the new Escort and Fiesta led the way.

Japanese carmakers are having trouble keeping pace with German demand. After compiling a market share of 15.7 percent in Germany last year, their combined share during the first two months of 1991 fell to 11.2 percent, even though volume increased 17 percent, to 73,500.

Combined Japanese sales rose 1.5 percent, to 240,100 units, in all of Western Europe during January and February, equal to a 10.5 percent market share.

Among individual makers, Volvo Car AB and Saab Automobile AB continued to suffer the biggest declines in European sales.

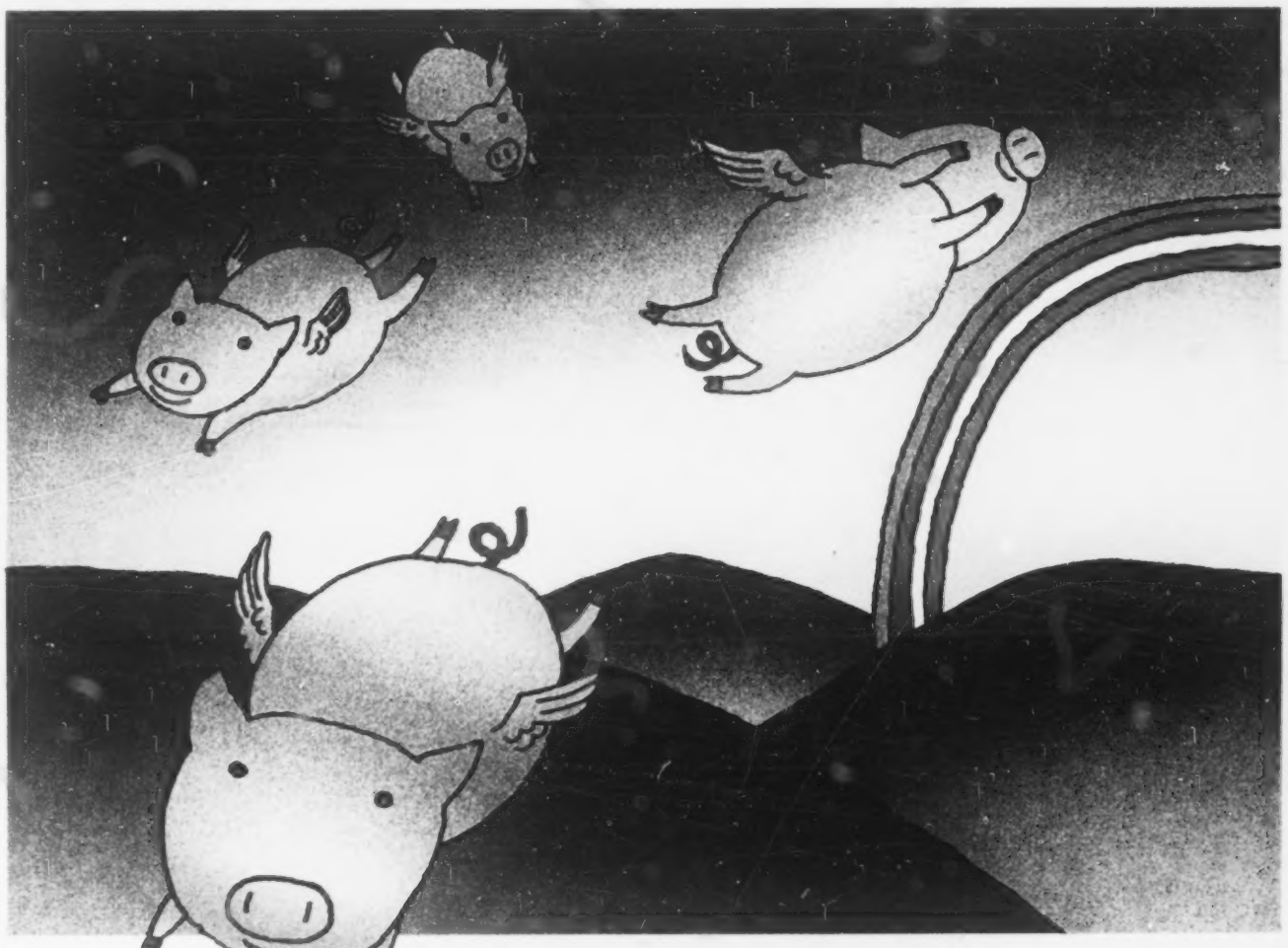
EUROPEAN SALES

Manufacturer	2 months, 1991	1991 share[1]	2 months, 1990	Volume change (%) '91 vs. '90
Volkswagen	369,200	16.1	338,700	+ 9.0
Fiat Auto[2]	328,800	14.4	387,300	−15.1
Ford[3]	281,800	12.3	261,100	+ 7.9
(Jaguar)	2,700	0.1	4,200	−36.0)
General Motors[4]	280,400	12.3	255,800	+ 9.6
Peugeot S.A.[5]	266,300	11.6	316,800	−15.9
Renault	229,200	10.0	247,200	− 7.3
Mercedes-Benz	79,700	3.5	77,600	+ 2.7
Rover	64,300	2.8	68,800	− 6.5
Nissan	60,100	2.6	59,000	+ 1.9
BMW	59,800	2.6	64,700	− 7.6
Toyota	51,500	2.3	50,600	+ 1.8
Mazda	43,200	1.9	41,700	+ 3.6
Volvo	36,800	1.6	46,700	−21.2
Mitsubishi	29,500	1.3	28,000	+ 0.5
Honda	23,200	1.0	23,900	− 2.9
Saab	8,200	0.4	10,400	−21.2
Others	74,200	3.2	75,000	− 0.1
Total	**2,286,200**	**100.0**	**2,353,300**	**− 2.9**

1-Doesn't add to 100 because of rounding
2-Includes Alfa Romeo, Lancia
3-Includes Jaguar
4-Opel, Vauxhall, GM-U.S., Canada; Isuzu
5-Peugeot, Citroen, Talbot

NEW-CAR SALES BY COUNTRY IN EUROPE

Country	2 months, 1991	Pct. change vs. 1990
Germany	654,000	+50.1
Italy	456,000	− 2.4
France	334,600	−21.4
United Kingdom	287,900	−23.0
Spain	124,200	−24.9
Netherlands	119,300	+ 0.1
Belgium-Luxembourg	89,400	−11.8
Austria	47,300	+ 1.5
Switzerland	46,500	−18.7
Portugal	31,200	− 3.6
Sweden	25,600	−39.4
Finland	19,000	−30.7
Greece	16,300	− 5.7
Ireland	15,500	−19.3
Denmark	11,000	−18.9
Norway	8,400	−17.9
Total	**2,286,200**	**− 2.9**



You probably thought you'd never see a secure, profitable alternative to factory service contracts, either.

But here it is. It's the Platinum Protection service contract program developed by GE Capital, a leader in automotive financial products for more than 15 years. And it's one you can sell with confidence. After all, our name's on the line.

Priced lower than factory programs, Platinum Protection gives you the opportunity to sell a quality product to your customers and build profits for your dealership.

Designed to be flexible, Platinum Protection is available for every major make and model — new or used. It's a program that doesn't restrict you to using one manufacturer's replacement parts. And it doesn't prevent you from collecting full retail charges on your parts and normal labor rates.

O.K., O.K., so pigs can't really fly. But you *can* sell the service contracts that offer you security, profitability and flexibility. Call **1-800-828-1392** for a copy of our Platinum Protection brochure.

GE Capital
Insurance Services Group

AUCTION DATES

Chrysler Corp.

March 19 — Fredericksburg Auto Auction Inc., Fredericksburg, Va.; Indianapolis Auto Auction Inc., Indianapolis; Nashvile Auto Auction Inc., Nashville, Tenn.; Utah Auto Auction Inc., West Bountiful, Utah; South Seattle Auto Auction Inc., Kent, Wash.; and San Antonio Auto Auction, San Antonio

March 20 — American Auto Auction, Walpole, Mass.; and Denver Auto Auction, Denver

March 21 — Auto Dealers Exchange of Birmingham, Moody, Ala.; Aptco Auto Auction Inc., Taylor, Mich.; Greensboro Auto Auction Inc., Greensboro, N.C.; Hatfield Auto Auction, Hatfield, Pa.; Omaha Auto Auction Inc., Omaha, Neb.; Golden Gate Auto Auction Inc., Fremont, Calif.; and Amarillo Auto Auction Inc., Amarillo, Texas

March 22 — Tri-State Auto Auction Inc., Cicero, N.Y.

March 26 — Columbus Fair Auto Auction Inc., Columbus, Ohio; Dallas Auto Auction Inc., Grand Prairie, Texas; Clanton's Auto Auction Inc., Darlington, S.C.; Southern Auto Auction, East Windsor, Conn.; Southwest Auto Auction Inc., Kent, Wash.; and Portland Auto Auction, Portland, Ore.

March 27 — Manheim Auto Auction, Manheim, Pa.; and Minneapolis Auto Auction Inc., Maple Grove, Minn.

March 28 — Southern States Vehicle Auction of Atlanta Inc., Newnan, Ga.; Arena Auto Auction Inc., Bolingbrook, Ill.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Florida Auto Auction of Orlando, Ocoee, Fla.; Riverside Auto Auction, Riverside, Calif.; Ark-La-Tex Auto Auction Inc., Shreveport, La.; and Butler Auto Auction, Gibsonia, Pa.

March 29 — St. Louis Auto Auction, Bridgeton, Mo.; and Northway Auto Exchange Inc., Clifton Park, N.Y.

Ford Motor Co.

March 18 — Georgia Dealers Auto Auction, Atlanta; and Auto Dealers Exchange of Memphis, Memphis, Tenn.

March 19 — Auto Dealers Exchange of Birmingham, Moody, Ala.; Harrisonburg Auto Auction, Harrisonburg, Va.; Texas Hobby Auto Auction, Houston; Dealers Auto Auction of Oklahoma City (tentative), Oklahoma City; Bay Cities Auto Auction Inc., Hayward, Calif.; and Greater Tampa Bay Auto Auction, Tampa, Fla.

March 20 — Northway Auto Auction, Clifton Park, N.Y.; Albuquerque Auto Auction, Albuquerque, N.M.; Concord Auto Auction, Acton, Mass.; Aptco Auto Auction, Taylor, Mich.; Indianapolis Auto Auction, Indianapolis; Metro Auto Auction of Kansas City, Lee's Summit, Mo.

March 21 — Ohio Auto Auction Inc., Grove City, Ohio; Denver Auto Auction, Aurora, Colo.; Minneapolis Auto Auction, Maple Grove, Minn.; Nashville Auto Auction, Nashville, Tenn.; and Skyline Auto Exchange, Fairfield, N.J.

March 25 — Lauderdale-Miami Auto Auction (tentative), Davie, Fla.

March 26 — Greater Chicago Auto Auction, Chicago; Newburgh Auto Auction Inc., Newburgh, N.Y.; and South Seattle Auto Auction, Kent, Wash.

March 27 — Baltimore-Washington Auto Exchange, Baltimore; Clanton's Auto Auction, Darlington, S.C.; Fort Worth Auto Auction, Fort Worth, Texas; Mississippi Auto Auction, Hattiesburg, Miss.; Southern California Auto Auction, Fontana, Calif.; Salt Lake Auto Auction, Salt Lake City

March 28 — Greensboro Auto Auction, Greensboro, N.C.; Interstate Auto Auction, Mercer, Pa.; Southwest Auto Auction, Chandler, Ariz.; and St. Louis Auto Auction, Bridgeton, Mo.

General Motors

March 19 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Dallas; Dothan Auto Auction, Dothan, Ala.; Fresno Auto Dealers Auction, Fresno, Calif.; Manheim Auto Auction, Manheim, Pa.; Minneapolis Northstar Auto Auction Inc., Shakopee, Minn.; and Florida Auto Auction of Orlando, Ocoee, Fla.

March 20 — Albuquerque Auto Auction, Alburquerque, N.M.; Atlanta Auto Auction, Red Oak, Ga.; Baltimore-Washington Auto Exchange, Baltimore; Clanton's Auto Auction, Darlington, S.C.; Southern California Auto Auction, Fontana, Calif.; Mid-America Auto Auction, Louisville, Ky.; Mississippi Auto Auction, Hattiesburg, Miss.; Omaha Auto Auction, Omaha, Neb.; and Brasher's Sacramento Auto Auction, Rio Linde, Calif.

March 21 — Arena Auto Auction Inc., Bolingbrook, Ill.; Columbus Fair Auto Auction, Colubus, Ohio; Ark-La-Tex Auto Auction Inc., Shreveport, La.; Portland Auto Auction, Portland, Ore.; St. Louis Auto Auction, Bridgeton, Mo.; Dealers Auto Exchange of Tucson, Tucson, Ariz.; and Utah Auto Auction, West Bountiful, Utah

March 26 — Auto Dealers Exchange of Birmingham, Moody, Ala.; Harrisonburg Auto Auction Inc., Harrisonburg, Va.; Metro Milwaukee Auto Auction, Caledonia, Wis.; National Auto Dealers Exchange, Bordentown, N.J.; Dealers Auto Auction of Oklahoma City, Oklahoma City; Florida Auto Auction of Orlando, Ocoee, Fla.; and San Antonio Auto Auction, San Antonio

March 27 — Puget Sound Auto Auction, Auburn, Wash.; Indianapolis Auto Auction Inc., Indianapolis; Metro Auto Auction of Kansas City Inc., Lee's Summit, Mo.; Auto Dealers Exchange of Memphis, Memphis, Tenn.; Golden Gate Auto Auction, Fremont, Calif.; and Statesville Auto Auction, Statesville, N.C.

March 28 — Mid Ark Auto Auction, North Little Rock, Ark.; American Auto Auction, Boston, Mass.; Denver Auto Auction, Aurora, Colo.; Aptco Auto Auction, Taylor, Mich.; Big H Auto Auction, Houston; Los Angeles Dealers Auto Auction, Rosemead, Calif.; Nashville Auto Auction, Nashville, Tenn.; Butler Auto Auction, Evans City, Pa.; and State Line Auto Auction, Waverly, N.Y.

Mitsubishi Motor Sales of America

March 19 — Ohio Auto Auction, Columbus, Ohio; and Florida Auto Auction, Fontana, Calif.

March 20 — Southern California Auto Auction, Fontana, Calif.

March 21 — Baltimore-Washington Auto Auction, Baltimore; and Denver Auto Auction, Denver

March 26 — Newburgh Auto Auction, Newburgh, N.Y.; Puget Sound Auto Auction, Seattle, Wash.; and Texas Hobby Auto Auction, Houston

March 28 — Atlanta Auto Auction, Red Oak, Ga.; and Greater Chicago Auto Auction, Chicago

Nissan Motor Corp. in U.S.A.

March 20 — Dealers Auto Auction, Grand Prairie, Texas

March 21 — Manheim Auto Auction, Manheim, Pa.

March 27 — Fredericksburg Auto Auction, Fredericksburg, Va.

Subaru of America

March 19 — Puget Sound Auto Auction, Auburn, Wash.

March 20 — Utah Auto Auction, West Bountiful, Utah

March 21 — Greater Chicago Auto Auction, Chicago

March 27 — Denver Auto Auction, Aurora, Colo.

Toyota Motor Sales U.S.A.

March 19 — Newburgh Auto Auction, Newburgh, N.Y.; Aptco Auto Auction, Taylor, Mich.; and South Seattle Auto Auction, Kent, Wash.

March 21 — Clanton's Auto Auction, Darlington, S.C.; and Greater Chicago Auto Auction, Chicago

March 26 — Southern Auto Auction, East Windsor, Conn.; Florida Auto Auction of Orlando, Ocoee, Fla.; and Southern California Auto Auction, Fontana, Calif.

March 28 — Ohio Auto Auction, Grove City, Ohio; and Dallas Auto Auction, Grand Prairie

April 2 — Bay Cities Auto Auction, Hayward, Calif.; and Georgia Dealers' Auto Auction, Atlanta

April 4 — Denver Auto Auction, Aurora, Colo.

April 9 — Southern California Auto Auction, Fontana, Calif.; Southern Auto Auction, East Windsor, Conn.; and Gulf States Auto Auction, Mesquite, Texas

April 10 — Greater Tampa Bay Auto Auction, Tampa, Fla.

April 11 — St. Louis Auto Auction, Bridgeton, Mo.; and Harrisonburg Auto Auction, Harrisonburg, Va.

April 16 — South Seattle Auto Auction, Kent, Wash.; Newburg Auto Auction, Newburgh, N.Y.; and Aptco Auto Auction, Taylor, Mich.

April 18 — Greater Chicago Auto Auction, Chicago

April 23 — South California Auto Auction, Fontana, Calif.; and Southern Auto Auction, East Windsor, Conn.

April 25 — Clanton's Auto Auction, Darlington, S.C.; Dallas Auto Auction, Grand Prairie, Texas; and Ohio Auto Auction, Grove City, Ohio

April 30 — Florida Auto Auction of Orlando, Ocoee, Fla.

Volkswagen of America

March 19 — Bay Cities Auto Auction, Hayward, Calif.

March 28 — Ohio Auto Auction, Columbus, Ohio

Volvo Cars North America

March 19 — American Auto Auction, Boston, Mass.

March 20 — Dealers Auto Auction of Dallas, Dallas; Riverside Auto Auction, Riverside, Calif.; and Atlanta Auto Auction, Atlanta

March 21 — Golden Gate Auto Auction, Fremont, Calif.

March 26 — Arena Auto Auction, Chicago

March 27 — Nashville Auto Auction, Nashville, Tenn.

AUCTION DIRECTORY

PENNSYLVANIA

Corry Auto Dealer Exchange, Route 6, P.O. Box 317, Corry, PA 16407. 814-664-7721. Every Thursday 12:30 sharp.

SOUTH CAROLINA

Rawls Auto Auction — Since 1938. Pickup, delivery unlimited. Recon facilities. Sale every Tues., 11 A.M. 803-657-5111 or fax, 803-657-5910, Leesville, South Carolina.

SOUTH CAROLINA

Clanton's Auto Auction, P.O. Box 51, Darlington, South Carolina, 803-393-2861. Sale every Thurs., Regular Consignment, 11 a.m. & Early Bird, 9 a.m. (repos & lease units).

TENNESSEE

A.D.E. of Memphis, 5400 Getwell, Memphis, Tenn. 38118. 901-365-6300. Every Tues., 10 AM; Regular Consignment & repo sale.

TEXAS

San Antonio Auto Auction (div. of GECAA), 1500 Ackerman Rd., San Antonio, Texas 78219. Sale every Weds. Contact: Frank Post or Michael Milikien, 512-661-4200.

TEXAS

Alamo Auto Auction, 2719 Fredericksburg, San Antonio 78201. 12:30 Thurs. Repos, lease, trades. Charlie, 512-736-6510. The South Texas independent auction.

VIRGINIA

Fredericksburg Auto Auction, 703-898-4900. 4907 Jefferson Davis Hwy, Fredericksburg, VA. Sale every Thurs. 9:30 am. Full service auction-fleet, lease & repos.

WISCONSIN

Metro Milwaukee Auto Auction. Sale every Wednesday. FMC, GMAC, all leasing. 414-835-4436, Caledonia, Wisconsin.

Canada's Feb. sales off 7.7%

By Anne E. Wright
AUTOMOTIVE NEWS CHIEF STATISTICIAN

Canadian light-vehicle sales last month mimicked their performance in January, falling 7.70 percent below February 1990 levels.

Car and truck sales declined last month. In January, when sales in Canada dropped 7.41 percent, car sales had risen while truck sales dropped sharply.

In an unusual twist, Chrysler Canada sold more vehicles during the month than Ford of Canada. A year ago, Chrysler's car and truck sales lagged Ford's by more than 5,000 units. But last month, Chrysler sold 15,171 vehicles, compared with Ford's 14,131.

Chrysler was the only Big 3 company to report increases over February 1990 levels. Its car sales were up 7.13 percent and truck sales rose 19.86 percent.

Apparently, Canadian buyers have been unfazed by reported transmission problems on Chrysler's minivans. The company sold 3,687 Caravans and Voyagers during the month, up from 2,030 in the year-ago period.

There were no incentives on the minivans.

Ford's total sales were off 24.19 percent, and GM's were down 16.22 percent. The companies blamed the decline on the softness of the market, uncertainty over the economy and high interest rates.

BMW, Nissan, Subaru, Toyota, Volkswagen and Volvo were among import brands that increased sales by at least 10 percent. Decliners included Hyundai, Jaguar, and Mercedes-Benz.

Total car sales were off 4.07 percent, with sales of North American-built models dropping 6.91 percent from February 1990 and imported models declining 1.63 percent. Total truck sales were down 15.28 percent from February 1990.

That breaks down into a 16.39 percent slide in North American-built trucks and a 9.93 percent dip in imports.

Staff Correspondent Alex Law in Toronto contributed to this report.

CANADIAN CAR AND TRUCK SALES

FEBRUARY 1991

	Feb. 1991	Feb. 1990	2 mos., 1991	2 mos., 1990
BMW (imported car)	**256**	**230**	**504**	**480**
N.A. car	6,845	6,768	15,232	13,168
Imported car	1,610	1,124	2,883	2,423
N.A. truck	6,607	5,432	13,030	15,287
Imported truck	109	171	163	327
CHRYSLER	**15,171**	**13,495**	**31,308**	**31,205**
N.A. car	8,142	9,682	19,259	19,264
Imported car	495	598	927	1,076
N.A. truck	5,494	8,361	11,940	16,424
FORD	**14,131**	**18,641**	**32,126**	**36,764**
N.A. car	16,824	19,298	36,659	39,019
Imported car**	231	233	467	406
N.A. truck	7,229	9,585	15,937	19,879
Imported truck	288	355	544	1,001
GM	**24,572**	**29,471**	**53,607**	**60,305**
N.A. car	1,400	2,219	2,454	4,282
Imported car	5,096	4,248	9,248	8,114
HONDA	**6,496**	**6,467**	**11,702**	**12,396**
N.A. car	416	521	677	820
Imported car	1,228	1,385	2,189	2,303
HYUNDAI	**1,644**	**1,906**	**2,866**	**3,123**
JAGUAR (Imported car)	**45**	**80**	**89**	**188**
Imported car	26	45	46	115
Imported truck	13	8	38	12
LADA	**39**	**53**	**84**	**127**
LAND ROVER (Imported truck)	**10**	**0**	**31**	**0**
N.A. car	530	110	817	218
Imported car	1,762	2,017	2,778	3,768
Truck*	1,096	1,385	1,872	2,454
MAZDA	**3,388**	**3,512**	**5,457**	**6,440**
MERCEDES-BENZ (Imported car)	**213**	**261**	**448**	**544**
N.A. car	570	0	923	0
Imported car	1,653	1,648	2,447	3,051
Truck*	1,002	1,175	1,654	2,203
NISSAN	**3,225**	**2,823**	**5,024**	**5,254**
PEUGEOT (Imported car)	**10**	**5**	**12**	**9**
SUBARU (Imported car)	**651**	**524**	**1,122**	**985**
N.A. car	77	1	118	1
Imported car	428	588	846	1,054
N.A. truck	228	14	454	35
Imported truck	321	524	624	957
SUZUKI	**1,054**	**1,127**	**2,042**	**2,047**
N.A. car	1,514	555	2,422	1,102
Imported car	3,843	4,430	6,441	8,395
Imported truck	1,485	1,187	2,539	2,480
TOYOTA	**6,842**	**6,172**	**11,402**	**11,977**
Imported car	2,264	2,011	4,631	3,810
Imported truck	39	39	85	69
VOLKSWAGEN	**2,303**	**2,050**	**4,716**	**3,879**
N.A. car	303	187	383	410
Imported car	119	183	319	361
VOLVO	**422**	**370**	**702**	**771**
N.A. car	**36,621**	**39,341**	**78,944**	**78,284**
Imported car	**19,930**	**19,610**	**35,397**	**37,082**
TOTAL CAR	**56,551**	**58,951**	**114,341**	**115,366**
N.A. truck	**19,558**	**23,392**	**41,361**	**51,625**
Imported truck	**4,363**	**4,844**	**7,550**	**9,503**
TOTAL TRUCK	**23,921**	**28,236**	**48,911**	**61,128**
TOTAL CAR & TRUCK	**80,472**	**87,187**	**163,252**	**176,494**

*Breakdown of N.A.-built and imported sales not available.
**Includes Passport and Saab sales.
NOTE: N.A. sales are cars and trucks built in the United States and Canada.
Source: Automotive News Data Center and Association of Intl. Automobile Mfrs. of Canada.

DEALERS

FROM PAGE 1

finiti and Mitsubishi. Lexus and Infiniti were new to the list; Mazda dropped out of the Top 10 in car sales per outlet.

Ford and Chevrolet were the only Big 3 makes in the Top 10 in either category. Ford ranked fourth in combined car and truck sales per store and ninth in cars alone. Chevrolet was fifth in cars-trucks and 10th in cars.

The sales per outlet averages are in no way an indicator of sales volume. In 1990, Ford Division sold 20 times as many cars as Lexus, but Ford had nearly 40 times as many dealers as Lexus. As a result, Lexus averaged 608 car sales per franchise; Ford averaged 294.

> The rankings of Acura, Lexus and Infiniti indicate that Honda, Toyota and Nissan had a better idea when they decided to invade the U.S. luxury car field.

On a year-to-year basis, an increase in sales may be offset by an increase in the number of dealers. And a sales decline can result in a huge loss in the per-franchise average if the dealer total rises.

Hyundai is an example. Its sales fell 25 percent in 1990, but its dealer count rose 31 percent. As a result, Hyundai's sales per outlet plunged to 368 from 610 in 1989.

Hyundai is still in the Top 10 in sales per franchise, but its average is a far cry from the 1,431 it posted in 1986, its first year on the U.S. market. That was the highest average ever recorded by any make sold in the United States.

The rankings of Acura, Lexus and Infiniti indicate that Honda, Toyota and Nissan had a better idea when they decided to invade the U.S. luxury car field. Acura has been on the market five years; Lexus and Infiniti arrived late in 1989.

The only newcomer in the 1990 rankings was Saturn, which averaged 43 car sales per franchise.

Sixteen of the 47 makes listed in the *Automotive News* car-truck analysis averaged more sales per franchise in 1990 than in 1989, and 15 of them were imports. Lincoln, up 19, was the only gainer among the Big 3. Honda (65) and Toyota (30) had the largest increases among the makes that were on the market for the entire year in both 1989 and 1990. Mercedes-Benz was up 10 sales per franchise; the others climbed seven or less.

Lexus and Infiniti recorded huge increases in 1990, but they were on the market for only a few months in 1989.

On the car side, 15 makes registered increases: Lincoln, Chevrolet and 13 imports. Honda again led the gainers.

Chevrolet's increase points out the value of a strong captive line. U.S.-built and imported Geo models brought Chevrolet dealers an average of 61 car sales per franchise. No other captive import contributed more than 17 sales to the average of its parent make. The Geo total was up 18 sales per franchise over 1989, more than half of Chevrolet's gain of 31 new-car sales per franchise.

Hyundai's plunge of 242 sales per franchise was the stiffest of the 28 makes that declined last year. Thirteen Big 3 makes and 15 imports lost ground. Following Hyundai in the down column were Nissan, 59; Suzuki, 56; Dodge, 50; Jeep, 40; Ford, 39; Mitsubishi, 37; Subaru, 30; Volvo, 29; and Mercury, 29.

At Ford, trucks passed cars last year in share of sales per dealership. Ford's average of 600 deliveries consisted of 306 trucks (51 percent) and 294 cars (49 percent). In 1989, it was 52 to 48 percent for trucks. Trucks had an advantage of 56 to 44 percent at Dodge, but cars had a 52 to 48 percent edge in Chevrolet sales per dealership.

Cars dominated the sales per outlet averages for the major Japanese players. Toyota, Nissan, Mazda and Mitsubishi gleaned 65 to 78 percent of their sales from cars. It was a different story at Isuzu, where sales were 95 percent trucks, and Suzuki, where trucks had 68 percent of the pie.

CAR SALES PER OUTLET BY MAKE FOR 5 YEARS

	1990	1989	1988	1987	1986
Honda	742	677	691	693	716
Toyota	609	622	625	578	592
Lexus	608	185	—	—	—
Acura	459	483	510	595	352
Nissan	379	458	426	477	495
Hyundai	368	610	1,053	1,369	1,431
Infiniti	347	30	—	—	—
Mitsubishi	327	336	571	521	489
Ford	294	331	349	308	301
Chevrolet	284	253	302	304	343
Mazda	262	311	313	266	290
Volvo	220	249	238	257	276
Pontiac	214	227	262	234	283
Mercedes-Benz	191	181	198	213	236
Buick	183	184	198	189	260
Volkswagen	169	164	162	219	247
BMW	165	161	176	209	226
Oldsmobile	164	191	227	226	334
Cadillac	160	166	166	162	188
Subaru	146	176	195	219	226
Mercury	143	172	197	174	184
Lincoln	141	122	117	102	110
Jaguar	136	135	144	150	150
Dodge	121	148	168	136	178
Plymouth	84	99	109	112	141
Saab	75	86	104	124	137
Chrysler	61	71	90	99	117
Audi	61	57	58	101	146
Daihatsu	45	69	67	—	—
Saturn	43	—	—	—	—
Eagle	39	47	48	33	—
Yugo	35	47	107	166	173
Porsche	34	33	51	74	94
Sterling	27	34	50	85	—
Ferrari	24	20	22	25	18
Suzuki	23	25	1	—	—
Peugeot	23	28	26	34	51
Rolls Bentley	23	22	21	21	20
Alfa Romeo	21	21	31	42	54
Lamborghini	11	13	9	9	10
Isuzu	10	28	44	89	134
Lotus	5	4	5	3	3
Maserati	5	5	11	14	20
Aston Martin	4	2	4	4	5

Note: Totals include sales of captive imports and transplant models.

Copyright 1991, Automotive News

CAR-TRUCK SALES PER OUTLET FOR FIVE YEARS

	1990	1989	1988	1987	1986
Toyota	847	817	850	857	947
Honda	742	677	691	693	716
Lexus	608	185	—	—	—
Ford	600	639	669	612	585
Chevrolet	543	555	570	541	588
Nissan	537	596	579	673	697
Acura	459	483	510	595	352
Mitsubishi	417	453	571	831	791
Mazda	405	404	427	424	494
Hyundai	368	610	1,053	1,369	1,431
Infiniti	347	30	—	—	—
Dodge	276	326	354	323	339
Pontiac	224	229	262	234	283
Volvo	220	249	238	257	276
Mercedes-Benz	191	181	198	213	236
Isuzu	191	209	171	229	236
Buick	183	184	198	189	260
Volkswagen	177	164	162	219	247
Oldsmobile	172	192	227	226	334
BMW	165	161	176	209	226
Cadillac	160	166	166	162	188
Subaru	146	176	195	220	226
Mercury	143	172	197	174	184
Lincoln	141	122	117	102	110
Plymouth	140	159	172	159	178
GMC	138	148	147	129	126
Jaguar	136	135	144	150	150
Jeep	127	167	178	150	133
Saab	75	86	104	124	137
Suzuki	71	127	322	571	430
Saturn	43	—	—	—	—
Daihatsu	64	71	67	—	—
Range Rover	64	72	57	53	—
Chrysler	62	72	90	99	117
Audi	61	57	58	101	146
Eagle	39	47	48	33	—
Yugo	35	47	107	166	173
Porsche	34	33	51	74	94
Sterling	27	34	50	85	—
Ferrari	24	20	22	25	18
Peugeot	23	28	26	34	51
Rolls/Bentley	23	22	21	21	20
Alfa Romeo	21	21	31	42	54
Lamborghini	11	13	9	9	10
Lotus	5	4	5	3	3
Maserati	5	5	11	14	20
Aston Martin	4	2	4	4	5

Note: Totals include sales of captive imports and transplant models.

Copyright 1991, Automotive News

Bankers say makers want shorter leases to boost sales

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — Manufacturers are promoting shorter leases to bring lease customers back for a new car sooner, according to a Consumer Bankers Association survey.

Shorter leases also help reduce the likelihood of delinquencies and repossessions, and shorter terms make it easier to predict residual values more accurately.

The early results of the association's survey, based on data from 71 lenders, showed the average lease term fell to 45 months in 1990, after growing from 49 months in 1988 to 51 months in 1989. Meanwhile, the capital cost of the average lease grew 18.6 percent from 1989 to $21,438 last year, the association said. Capital cost is the amount the bank is financing; in effect, the price of the car.

But a comparison between 1990 and 1989 showed that more lessees fell behind in their payments, terminated their leases early, or had their cars repossessed in 1990 than in 1989.

Lease repossessions doubled from 1989 to 1990, representing 1.52 percent of outstanding lease dollars in 1990, compared with 0.75 percent in 1989.

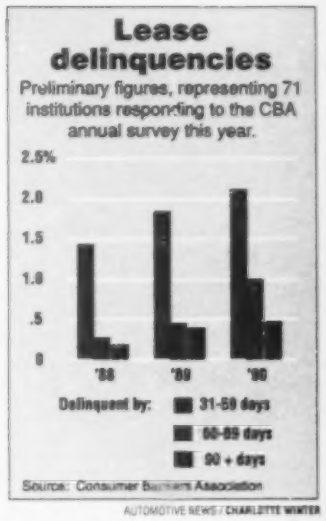
At the same time, a higher percentage of leases were delinquent. In 1989, leases representing 1.84 percent of all lease dollars were 31 to 59 days delinquent. That figure reached 2.12 percent in 1990, the association said.

The association's full survey won't be published until May, after more responses are received. Last year, 135 lenders participated in the survey.

The association is holding its annual auto finance convention in Boston this week. According to Randall McCathren, executive vice president of Bank Lease Consultants in Nashville, Tenn., consumer leasing grew from 12.4 percent of all consumer vehicle sales in 1988 to 15.35 percent in 1989. A "slight" increase is expected when final 1990 figures are tallied, McCathren said.

Last week, McCathren said he disagreed with some of the Consumer Bankers Association's statistics. He said the survey gives too much weight to smaller banks and not enough to the giants in auto financing, like Chase Manhattan.

But he agreed that manufacturers and their captive financing arms are promoting shorter leases — with such success that McCathren felt banks have a tough time competing with automakers' captive finance companies for short-term leases.



AUTOMOTIVE NEWS / CHARLOTTE WINTER

FLEET SALES

FROM PAGE 6

trucks from cars by some companies.

Dennis LaLiberty, vice president of marketing for Wheels Inc., based in Des Plaines, Ill., said there has been no shrinkage in fleet orders or in the size of company fleets.

"Fleet sales are far more stable than retail sales because companies aren't likely to cut back their sales and service force even in a weakened economy. These are the people who get the company cars," he said.

Orders from daily rental companies have also helped buoy industry sales and have provided dealers who have strong fleet departments with a cushion from the recession.

"Our fleet sales are up 20 percent over last year," said James Hoffer, general manager of Jordan Motors Inc. in Mishawaka, Ind.

Hoffer said daily rental agencies and companies with commercial fleets must replace their vehicles after a certain number of miles.

"Fleet sales are much stronger than my retail sales," said Hoffer. "We are a strong force in the fleet business. A major portion of our business comes from fleet sales."

John Outland, vice president and controller of Luke Potter Dodge Inc. in Winter Park, Fla., said fleet sales are running about the same as last year while retail sales are down. "Retail sales rise and fall, but fleet sales are steady," he said.

Elvin Pool, general sales manager of McInerney Ford Inc. in Orlando, Fla., characterized fleet sales as very strong. He even received a surprise order of 50 cars last week from a daily rental customer. "Fleet sales never did slow down," he said.

Pool also said the dealership's retail sales are picking up steam. "We had one heck of a February; at least we didn't lose any money," he said. "March is going crazy, so we have doubled our advertising budget to capture more of a market share."

Frank Halvorson, general manager at Prospect Motors Inc. in Jackson, Calif., said fleet sales through February were 9,854 vehicles, down from about 11,500 for the same period last year.

But he said General Motors billed some vehicles late in the 1990 calendar year, so some deliveries that should have been included in the January sales numbers were rolled into December sales.

He expects Prospect to deliver more than 100,000 GM and Chrysler vehicles to fleet accounts this year, compared to about 96,000 in 1990.

SALES

Luxury tax has cost 4 makers $450 million, lobby says

By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Jaguar, Porsche, BMW and Mercedes-Benz lost hundreds of millions of dollars worth of retail sales during January and February because of the new U.S. luxury tax, according to a group fighting to repeal the measure.

The Federation Against Inequitable and Regressive Taxation (FAIRTAX) estimates that sales of vehicles over $30,000 sold by the four importers fell 49 percent from last year in January and February.

Their sales totaled 9,435 during the first two months, compared with 18,475 during the same period a year ago.

The figures include only those models that sold for more than the $30,000 tax threshold, said Robert McElwaine, executive director of FAIRTAX.

They also exclude deliveries of cars that were ordered early enough to avoid the tax, he said.

McElwaine, the former head of the American International Automobile Dealers Association, said makers lost $450 million in retail sales during January and February. At that rate, they could realize an annualized loss of about $2.7 billion.

But his figures do not take into account the fact that luxury brands have not been the only ones to suffer this year. The entire U.S. car and truck market is off 21 percent.

The figures also do not reflect the sales increases enjoyed by each of the four companies last December when buyers were trying to beat the luxury tax.

McElwaine said Jaguar has been the hardest hit in 1991, with a sales decline of 64 percent from1990. Porsche sales declined 60 percent; BMW, 48 percent; and Mercedes-Benz, 42 percent.

He calculated the decreases from proprietary numbers provided by the manufacturers, which showed exactly how many sales were subject to the luxury tax. Consequently, they are different from *Automotive News*' numbers in the accompanying Import Sales by Model table.

FAIRTAX also includes the boat, jewelry and fur industries.

The group anticipates that legislation to repeal the automotive luxury tax will be introduced this spring. Last week, a bill to repeal the tax on boats that cost more than $10,000 was introduced in the Senate. Sponsors of the auto bill are waiting "for the appropriate time," McElwaine said.

McElwaine said that dealers are especially concerned that their demonstrator models that cost more than $30,000 also are affected by the tax.

The Treasury Department requires that a dealer pay the luxury tax, which is 10 percent of the amount of the transaction price above $30,000, as soon as the car has been used for 200 miles of personal driving.

"This ruling has forced dealers to restrict the use of demonstrators, resulting in the loss of valued sales personnel and further reducing sales," McElwaine said.

IMPORT SALES BY MODEL

	Feb 1991	Feb 1990	2 Mos., 1991	2 Mos., 1990
ACURA	**9,621**	**10,019**	**18,762**	**20,106**
Integra	5,275	5,992	10,280	11,685
Legend	4,192	4,027	8,216	8,421
NSX	154	0	266	0
ALFA ROMEO	**268**	**202**	**520**	**311**
Milano	0	3	0	9
Spider	109	199	202	302
164	159	0	318	0
ASTON MARTIN*	**5**	**5**	**10**	**10**
AUDI	**874**	**1,411**	**1,717**	**2,694**
5000	0	3	0	9
80	208	298	384	559
90	149	248	311	441
V8 Quattro	60	117	117	253
Coupe Quattro	32	68	62	127
100/200	336	550	670	1,060
100/200 Quattro	89	127	173	245
BMW	**3,365**	**4,113**	**5,913**	**9,032**
3 series	1,716	1,746	3,055	3,752
5 series	1,088	1,701	1,893	3,755
635 CSi	1	41	3	97
7 series	287	564	484	1,292
850i	199	0	357	0
M3	40	57	65	127
M5	34	0	56	4
M6	0	4	0	5
CHEVROLET/Geo	**5,094**	**13,142**	**10,617**	**27,743**
Geo Storm/Spectrum	4,104	8,230	8,613	16,350
Geo Metro/Sprint	990	4,912	2,004	11,393
CHRYSLER MOTORS	**3,891**	**5,319**	**8,295**	**10,919**
Colt	1,415	2,911	3,325	5,709
Conquest	0	65	0	413
Medallion	0	31	0	197
Stealth	1,406	0	2,734	0
Summit	485	1,392	1,088	2,425
Vista	499	564	989	1,223
TC	86	356	159	952
DAIHATSU	**425**	**1,027**	**160**	**2,429**
FERRARI*	**80**	**80**	**873**	**160**
FORD Festiva	**2,520**	**4,912**	**5,136**	**10,897**
HONDA	**12,680**	**17,923**	**26,487**	**33,794**
Civic/CRX	4,338	4,665	9,176	8,604
Accord	6,759	10,548	14,173	21,309
Prelude	1,583	2,710	3,138	3,881
HYUNDAI	**8,811**	**10,549**	**16,320**	**22,432**
Excel	5,154	8,489	9,516	17,676
Sonata	1,663	2,060	3,082	4,756
Scoupe	1,994	0	3,722	0
ISUZU	**669**	**226**	**1,124**	**434**
I-Mark	17	174	38	343
Impulse	310	52	555	91
Stylus	342	0	531	0
INFINITI	**1,905**	**1,075**	**3,767**	**2,146**
M30	444	645	744	1,064
Q45	652	430	1,212	1,082
G20	809	0	1,811	0
JAGUAR	**568**	**1,475**	**1,079**	**2,998**
XJ6	379	1,096	771	2,182
XJ-S	189	379	308	816
LAMBORGHINI*	**13**	**13**	**26**	**26**
LEXUS	**4,299**	**4,171**	**7,427**	**8,306**
ES	1,646	1,388	3,028	4,307
LS400	2,653	2,783	4,399	3,999
LOTUS*	**27**	**27**	**54**	**54**
MASERATI*	**20**	**20**	**40**	**40**
MAZDA	**8,769**	**13,458**	**19,192**	**26,982**
323	1,283	1,361	3,107	3,641
Protege	2,420	2,478	6,790	5,525
626	1,673	2,806	2,825	6,416
MX-6	42	1	59	11
Miata	2,438	2,510	4,344	5,362
929	552	964	1,299	2,028
RX-7	361	668	768	1,329
MERCEDES BENZ	**3,981**	**5,811**	**7,359**	**10,465**
190	1,172	1,027	2,041	1,849
300E 2.6/260E	288	124	540	178
300	1,122	2,008	1,979	3,660
300SE	160	557	385	979
350SDL Turbo	89	0	157	0
350SD	52	0	108	0
300SEL	59	306	163	564
420SEL	167	539	400	946
560SEL	133	415	309	763
SL Coupe	663	612	1,118	1,070
560SEC	49	152	99	268
Tourist	27	71	60	188
MERCURY	**6,496**	**1,425**	**10,951**	**3,928**
Tracer	5,118	1,151	8,350	2,704
Capri	1,378	0	2,601	0
XR4Ti	0	0	0	198
Scorpio	0	274	0	1,026
MITSUBISHI	**9,758**	**8,656**	**14,707**	**24,356**
Starion	0	3	0	5
Mirage	4,522	5,034	5,935	15,690
Galant	3,930	2,976	6,345	6,877
Sigma	30	164	57	335
Precis	290	401	582	1,264
3000GT	946	0	1,697	0
Wagon	40	78	91	185
NISSAN	**15,380**	**25,646**	**30,625**	**52,206**
Sentra	1,590	7,402	3,279	14,522
Pulsar	183	770	243	1,514
Stanza	4,625	3,614	8,571	6,926
Maxima	5,679	7,591	12,154	16,861
240SX/200SX	1,996	3,380	4,127	7,412
300ZX	1,018	1,810	1,962	3,630
Hawaii	289	369	289	631
PEUGEOT	**317**	**312**	**662**	**648**
PONTIAC LeMans	**2,024**	**2,731**	**4,313**	**4,138**
PORSCHE	**322**	**725**	**564**	**1,420**
944S2	54	282	109	529
911 Carrera 2	157	246	270	501
911 Turbo	25	0	32	2
911 Carrera 4	66	133	104	255
928S4/928GT	20	64	49	133
ROLLS/BENTLEY*	**100**	**100**	**200**	**200**
SAAB	**1,810**	**2,088**	**2,835**	**4,055**
900	400	293	625	561
900S	471	267	730	533
900 Turbo	411	611	621	1,220
9000S	216	221	367	422
9000 CD	179	378	279	702
9000 Turbo	129	312	207	601
Tourist	4	6	6	16
STERLING	**211**	**493**	**416**	**998**
SUBARU	**5,226**	**6,626**	**9,508**	**13,154**
Hatchback	0	28	0	58
3-Door	0	18	0	56
4-Door Sedan	0	57	0	142
Legacy	1,449	3,702	2,287	7,665
Loyale	2,956	1,431	5,440	2,637
XT/XT6	155	160	324	291
Station Wagon	0	12	0	32
Justy	666	1,218	1,457	2,323
SUZUKI	**329**	**515**	**720**	**1,130**
TOYOTA	**25,968**	**29,235**	**51,225**	**56,551**
Corolla	5,270	9,090	11,287	16,678
Tercel	8,060	8,033	15,867	15,258
Celica	4,893	6,408	9,076	12,489
Supra	293	544	531	1,510
Camry	5,625	4,154	10,989	8,842
Cressida	839	635	1,671	1,234
MR2	988	371	1,804	542
VOLKSWAGEN	**7,533**	**8,255**	**13,943**	**16,123**
Cabriolet	400	486	697	965
Corrado	637	349	1,045	643
Jetta	2,353	3,745	4,939	7,805
Golf/GTI	951	916	1,947	1,868
Passat	1,620	760	2,812	760
Quantum	1	4	1	10
Scirocco	0	0	0	5
Fox	1,571	1,995	2,502	4,067
VOLVO	**5,725**	**6,301**	**10,981**	**15,135**
240 series	2,454	2,141	4,536	6,184
700 series	2,303	4,142	4,501	8,914
940 series	956	0	1,911	0
Tourist	12	19	33	37
YUGO	**245**	**544**	**615**	**1,423**
IMPORT TOTAL	**149,329**	**188,630**	**287,143**	**387,443**

*Estimate

Compiled by Karen Detkowski

Luxury tax again clobbers sales of pricey import lines

By Kristine Stiven Breese
AUTOMOTIVE NEWS STAFF REPORTER

LOS ANGELES — Luxury import cars took another big sales hit in February, the second month of the new U.S. luxury tax.

The levy, which took effect Jan. 1, has added 10 percent to the amount of the transaction price over $30,000. Models affected by the tax generally benefited from beat-the-tax buying late last year. But this year has been different.

Last month, BMW was down 18.19 percent; Mercedes-Benz, 31.49 percent; Audi, 38.06 percent; Porsche, 55.59 percent; and Jaguar, 61.49 percent. Those makes also suffered steep drops in January.

Lexus LS400 was down 4.67 percent, but Infiniti Q45 was up 51.62 percent.

Overall domestic and import car sales were down 13.65 percent in February. Imported models alone fell 20.83 percent for the month and were off 25.89 percent for the year.

A model-by-model appraisal reveals how company flagships have suffered. Mercedes-Benz's 190 models carry little, if any, luxury tax. February sales were up 14.12 percent. But more expensive Mercedes lines were off 44 to 80 percent.

BMW's 3 series, which starts well below the luxury tax threshold, dropped only 1.72 percent. The 7 series, which carries a luxury tax of at least $2,000, fell 49.11 percent.

MARKET SHARES
Domestic, Import cars

	Feb Sales	Pct. of Total
Subcompact	145,495	23.39
Compact	131,891	21.21
Intermediate	214,363	34.48
Standard	44,860	7.21
Specialty	11,523	1.85
Luxury	73,721	11.86
TOTAL	**621,853**	**100.00**

Few models outperformed their year-ago totals. February's gainers included the Acura Legend, Isuzu Impulse, Lexus ES250, Mitsubishi Galant, Nissan Stanza, Saab 900S, Toyota Cressida and Volkswagen Corrado.

For the most part, entry-level cars also failed to buck the month's downward trend.

Daihatsu fell 58.62 percent, hurt by the fact that it had only 1990 models to offer and even those were in short supply. Production delays meant that Daihatsu dealers are only just now getting their 1991 shipments.

Hyundai sales fell 16.48 percent, and the Excel, once a darling of the entry-level prospect, fell 39.29 percent. Sales of the new Scoupe totaled 1,994 units.

10 DAYS

FROM PAGE 6

and light trucks dropped to 202,299, down 24.8 percent from 269,011 a year ago.

Domestic cars declined 21.9 percentto 129,978. And trucks fell to 72,321 in early March, off 29.5 percent from last year.

On the import side, car sales were down 34.4 percent at 33,569, and trucks were off 31.7 percent at 10,325.

Total sales for General Motors lines fell 27.5 percent to 90,589. GM's cars were off 26.7 percent. Its trucks were down 28.9 percent.

Compared to the rest of the market, Buick continued to shine in early March. Its sales were down only 0.6 percent to 11,651, despite the shorter selling period.

Ford Motor Co. sales fell 27.5 percent to 63,024. Its Ford, Lincoln and Mercury makes were down 21 to 29 percent.

Automotive News estimates that Chrysler Corp. sales were down 23.3 percent, to 31,943, split about evenly between cars and trucks. Chrysler refuses to report 10-day sales.

Toyota Motor Sales U.S.A. Inc., which reports both domestic and import sales on a 10-day basis, said its Toyota-brand cars were off 31.9 percent.

Toyota trucks dropped 24.3 percent, and Lexus luxury cars were down 15.9 percent.

Sales of Honda's U.S.-built cars were up 4.8 percent to 9,344 in early March.

Honda imports fell an estimated 15.5 percent, leaving the division's total sales off 2.9 percent.

Stung by a 22.2 percent sales decline for its U.S. built cars last month, Honda hiked its dealer incentives from $300 to $500 on 1990 and 1991 Accords and added another $400 on Accords ordered by April 2.

INCENTIVE WATCH
CUSTOMER INCENTIVES

	Rebates	Expiration Date
Chrysler Corp. (1989-90)		
Chrysler	$500-2,000	3/31
Dodge cars	$700-1,500	3/31
Dodge trucks	$500-2,500	3/31
Eagle	$700-1,500	3/31
Jeep	$500-2,000	3/31
Plymouth	$700-1,000	3/31
All minivans	$1,000	3/31
Finance rates in lieu of rebate start at 5.9 percent.		
Chrysler Corp. (1991)		
Chrysler	$500-1,000	3/31
Dodge cars	$500-1,000	3/31
Dodge truck	$300-1,500	3/31
Eagle	$400-700	3/31
Jeep	$700	3/31
Plymouth	$400-1,000	3/31
All minivans	$500	3/31
Finance rates in lieu of rebate start at 5.9 percent.		
Ford Motor Co. (1990)		
Ford Festiva	$700	4/10
Ranger	$1,500	4/10
Ford Motor Co. (1991)		
Ford Escort, Festiva	$500	4/10
Ranger	$1,000	4/10
Mercury Tracer	$500	4/10
Grand Marquis	$1,000	4/10
Finance rate, in lieu of rebate, starts at 7.9 percent for 48 months or less		
General Motors (1990)		
Buick Reatta*	$2,000	4/7
Other Buick*	$250-1,000	4/7
Cadillac	$1,200	4/7
Chevrolet Geo	$300-800	4/7
Corvette	$3,000 (GM employees)	4/7
Other cars	$400-750	4/7
Trucks	$500-1,500	4/7
GMC	$500-1,500	4/7
Oldsmobile	$750-1,250	4/7
Pontiac Bonneville	$400-1,000	4/7
*Based on option package selected All makes except Cadillac offer cut-rate financing in lieu of rebates		
General Motors (1991)		
Buick Reatta	$2,000*	4/7
Other Buick	$250-1,000*	4/7
Cadillac Brougham	$1,500	3/31
Chevrolet Geo	$300-800	4/7
Corvette	$3,000 (GM employees)	4/7
Other cars	$400-750	4/7
Trucks	$500-1,000	4/7
GMC	$500-1,000	4/7
Oldsmobile	$500-1,000	4/7
Pontiac	$400-750	4/7
*Based on option package selected		
Hyundai (1991)	$500-1,575	4/3
Mazda (1991)		
MX-6, 626	$1,500	4/3
Trucks	$500	4/3
Subaru		
Justy ECVT (1990-91)	$500	5/2
Loyale (1991)	$500	5/2
Toyota (1991)		
Celica GT, 4Runner	$500 discount on options	10/1

INCENTIVE WATCH
DEALER INCENTIVES

	Rebate	Expiration Date
Chrysler Corp. (1990)		
Dodge Ram D-W, Club wagon, Ramcharger	$1,000	3/31
Jeep	$400-3,000	3/31
Chrysler Corp. (1991)		
Colt, Summit	$400-700	3/31
Dodge Trucks	$1,000	3/31
Jeep	$400-3,000	3/31
Ford Motor Co. (1990)		
Ford Taurus SHO	$3,000	4/10
Other cars	$800-1,500	4/10
Ford Bronco	$2,000	4/10
Other trucks	$900-1,100	4/10
Mercury Topaz	$800	4/10
Sable	$1,100	4/10
Cougar	$1,200	4/10
Grand Marquis	$1,500	4/10
All Lincoln	$1,000-2,000, based on sales	4/10
Ford Motor Co. (1991)		
Ford Taurus SHO	$1,000	4/10
Crown Victoria	$1,000	4/10
Other cars	$100-700, based on sales	4/10
Ford trucks	$100-700, based on sales	4/10
Mercury Topaz, Cougar, Sable	$100-750, based on sales	4/10
All Lincoln	0-$1,000, based on sales	4/10
General Motors (1990-91)		
Corvette	$1,000-3,000, quota	4/7
Chevrolet C1500	$500	4/7
Pontiac 1990*		
6000, Trans Sport	$400	4/7
Grand Prix, Bonneville	$1,000	4/7
*Rebate increased by $1,000 if dealer gives up rebates on 1991 models.		
Pontiac 1991		
Sunbird, Trans Sport	$400	4/7
Acura (1990-91)		
Integra	$300	4/2
Honda		
Accord (1990-91)	$500	3/31
Accord (1991)	$400 on each car ordered from importer	4/2
Hyundai		
1990 models	$1,000-2,000	4/3
1991 Sonata	$100-500, quota	4/3
Isuzu (1990-91)		
Trooper, Pickup	$600-1,700, quota	3/31
Nissan (1990)		
Pathfinder	$1,500	4/2
Nissan (1990-91)		
Stanza	0-$1,500, quota	4/2
Pickups	$1,200	4/2
Peugeot (1990)	$2,000	None
Subaru		
XT (1990-91)	$2,000	5/2
Legacy (1991)*	$500-1,700	5/2
Loyale (1990)	$800-1,500	5/2
*$1,000 extra on 1990 Legacys.		
Suzuki (1990-91)		
Swift	$400-1,000	4/3
Sidekick	$1,000-2,000	4/3
Toyota (1989-91)		
Corolla and Camry	$200-1,000, quota	4/3
Celica	$200-1,500, quota	4/3
Trucks	$200-1,000, quota	4/3
Volkswagen (1990)		
Cars	$500-1,500	None

Poling is latest to plead for cost cuts from suppliers

By Al Fleming
INDUSTRY EDITOR

Ford Motor Co. wants suppliers to help make up the huge costs of selling its cars and trucks in America. Today, Ford is meeting in Dearborn with 145 chief executive and chief operating officers of supplier companies. This time, the suppliers will hear from Ford Chairman Harold Poling.

So far, both Ford and General Motors have had only limited success in getting suppliers to agree to up-front price cuts.

Ford's pitch is that economic and market conditions have deteriorated beyond expectations. Meanwhile, stricter clean-air requirements and passive restraints are adding hundreds of dollars of costs to Ford vehicles between now and 1995, and competition from the Japanese is intensifying.

Unless Ford significantly improves its cost structure, Poling will tell suppliers, the company may be unable to afford new vehicle programs.

In a letter to suppliers last November, A.F. Spencer, executive director of purchasing for Ford North American Automotive Operations, said Ford's marketing costs have soared to more than 11 percent of company revenue, or about $1,400 per vehicle. He asked Ford suppliers to cut prices by 1 percent by Jan. 1.

On Jan. 10, General Motors dropped the other shoe. In a letter to suppliers, Donald A. Pais, vice president of GM's materials management staff, asked suppliers to embark on "a very aggressive effort to reduce costs." Within two weeks, GM purchasing people were seeing suppliers face to face and asking for price reductions of 3 percent this year.

Not surprisingly, supplier reaction to the Big 2 solicitations has been underwhelming. The top officer of a major component-manufacturing firm said that neither his company nor any other major supplier he knows of is able to give the automakers "up-front price cuts."

CHRYSLER

FROM PAGE 2

boards. "You have to have board balance. It also creates a smaller board for quicker action and more responsiveness."

Ford Motor Co.'s board comprises seven inside directors, nine outside directors and Ford family heir William C. Ford.

General Motors has 14 outside directors and five inside directors. Retired Chairman Roger B. Smith also serves as a director.

Chrysler pays each director $35,000 to $40,000 annually, depending on committee assignments and meeting attendance, a company spokesman said. Retired directors will continue to receive a $20,000 annual fee, two cars annually plus the option to lease two more cars annually.

Bieber has been donating his pay to Grand Valley State University in Allendale, Mich.

Chrysler's largest shareholder, Hollywood billionaire Kirk Kerkorian, was not contacted prior to Chrysler's decision, according to a Chrysler spokesman.

A spokesman for Tracinda Corp., Kerkorian's investment company, declined comment.

GM CANADA

FROM PAGE 1

Canada as Passport's Impulse. The U.S. Geo Metro is sold as the Chevrolet Sprint and Pontiac Firefly in Canada.

"We're looking at all the products of North America," Erdman said. "If you ask would I consider merchandising Geo in Canada — yeah, I'd consider that."

But he would not elaborate. Passport is now carried by 71 dealers and is separate from GM of Canada's other dealerships.

In Erdman's view, the dealer organization will likely stay as a third channel for GM products, but he would not indicate what products it might handle or what the name or organizational structure might be.

As for Saturn, Erdman gave the first indication that the company might stray from its decision to have Passport be the exclusive carrier. "We've made the decision to give the Passport dealers the first opportunity to market Saturn, and I guess I'd like to leave it at that," Erdman said.

The product "rationalization," as Erdman calls it, is necessary to position the company for a smooth entry into the price parity with the United States that the Canada-U.S. free-trade agreement will bring about on Jan. 1, 1994.

Essentially, the agreement will make car prices in Canada comparable to those in the United States and allow new-car buyers to shop for cars over the border. That is especially important to the Canadian domestic operations, since Canadians have historically paid more than Americans for domestic cars in many segments.

Erdman said that to prepare GM of Canada for the mid-1990s and beyond, "the entire lineup of the way cars are being marketed and sold is under review." He said the review group is "looking at all the pieces of the marketplace — all the cars, all the trucks, how we've got them set up, what are the price points, what are the model mixes, what are the franchises."

GM of Canada's differences with the U.S. operation go beyond Passport and Geo. Canadian dealers don't carry all the products sold in the United States, and some appear under different names. The Chevrolet Corsica is also sold as the Pontiac Tempest. The Pontiac LeMans in the United States is sold through Passport as the Optima. In addition, Passport sells some Isuzu products, such as the Trooper and Rodeo, that GM does not handle in the United States.

On March 1, Mike Johnston, director of the Passport Division, was transferred to GM's Truck Operations. His duties, "for the time being," are being handled by Bob Simpson.

PROGRAM

FROM PAGE 1

that prices on program vehicles were soft last fall but have been stronger in recent months.

Robert L. Rewey, Ford vice president for sales operations, declined to comment except to say that "Ford is not in business to lose money," and that auction prices were not a primary consideration in lengthening the rental car cycles.

The National Automobile Dealers Association lauded Ford's move. "This is a sound business decision that will help reduce the glut of nearly new cars, which has helped depress new-car sales in the first quarter of 1991," said Frank R. Anderson Jr., NADA president.

Called "program" cars, the vehicles are sold to daily rental companies and then repurchased by the automakers at a guaranteed depreciation rate and redistributed to dealers through auto auctions. Some industry estimates put the number of program cars by all domestic and foreign manufacturers at about 1.2 million.

Rewey declined to say how many program cars Ford expects to sell in the 1991 model year or how lengthening the cycle will affect volume. But there should be fewer program cars available to dealers.

He said the lengthened cycle will probably continue into the 1992 model year.

Program cars have helped dealers stay profitable, especially in lean times, because grosses are greater than on new cars.

Still, dealers complained that potential buyers of new cars often are swayed into buying program vehicles because prices are substantially lower. In some cases, the price difference between two same-year models is $5,000.

Program cars are clean and low-mileage; many 1991 program cars have fewer than 3,000 miles on them when they are returned to the auctions by the rental companies.

Substitution of those nearly new cars for new cars by buyers can run as high as 40 percent, according to some industry estimates.

Ford is expected to send an estimated 400,000 vehicles to the auctions in 1991, up from 350,000 in 1990. General Motors dispatches about 600,000 vehicles to the auctions. Most are program cars.

Last year, Ford and General Motors announced that they would repurchase 100 percent of their program cars from daily rental companies at the behest of dealers.

Automakers had repurchased about 75 percent of of the program cars sold to daily rental companies. Rental agencies sold the remainder on used-car lots in competition with franchised dealers.

Ford adds consumer incentives in Canada

OAKVILLE, Ontario — Consumer incentives have been announced by Ford Motor Co. of Canada Ltd.

The program, which has no expiration date, offers buyers a choice of 8.9 percent financing for up to 48 months or cash rebates ranging from $500 to $1,000.

The program features $1,900 cash paybacks on 1991 F-series pickup and Aerostar, and 1990 Tempo, Topaz, Mustang and Probe; $750 on 1991 Tempo and Topaz, 1990 and 1991 Taurus, Sable, Thunderbird, Cougar and Ranger, and 1990 Bronco II; and $500 on 1991 Mustang and Probe and 1990 and 1991 Festiva, Escort and Tracer.

OBITUARIES

Robert J. Ferri

SPRINGFIELD, Mass. — Robert J. Ferri, founder and president of State Chrysler-Plymouth in Springfield, Mass., died March 5. He was 65.

Thomas R. Garvey

HINGHAM, Mass. — Thomas R. Garvey, president of Garvey Oldsmobile in Norwell, Mass., died Feb. 23. He was 75.

Thomas A. Mooney

CHICAGO — Thomas A. Mooney, retired senior vice president of CR Industries in Elgin, Ill., died Feb. 19. He was 61. The company is an automotive sealant supplier.

Richard W. Toplin

MANCHESTER, N.H. — Richard W. Toplin, owner of Franklin Ford and Tilton Chrysler-Plymouth on the Franklin/Tilton border in New Hampshire, died of cancer March 2. He was 47.

PORSCHE

FROM PAGE 3

the program itself is fine. But what they really need are sales incentives for carryover models and floorplanning assistance.

"The way Porsche builds cars and ships cars, you can't be sure you'll have cars when you need them," Burton added. "So you take them whenever they arrive and sometimes end up flooring them for months before sales pick up."

Porsche sales were down 60.3 percent from 1990 for the first two months of this year. Dealers complain that they are loaded with 1990 product that they can't sell.

According to Porsche, inventories are not out of whack, considering industry sluggishness. *Automotive News* calculates Porsche's days' supply at 161 on March 1, compared with 87 a year ago.

Brian Bowler, president of Porsche Cars North America, calls the program's demands on its dealers "genteel." He said that by giving dealers an opportunity to earn some extra money with relatively little effort, the program is itself a form of financial aid.

He said the financing problem is not unique to Porsche. All dealers are under pressure because banks are getting out of auto financing, he said, and Porsche doesn't have its own captive finance company.

Bowler said Porsche is looking for creative ways to "put money into their pockets."

Jeff Barnaby, general manager at Zipper Porsche Audi in Beverly Hills, Calif., agreed with other dealers that he could use some more direct financial assistance, but he said the program is better than nothing.

Bowler said the program should eventually result in increased sales, and that's the real way to turn around dealers' fortunes.

An example of how Bowler hopes to change relates to signage. He said many dealers are using "outdated and confusing" Porsche/Audi signs left over from the days when Porsche was distributed by Audi's U.S. importer, Volkswagen of America Inc.

The program sets criteria for sales, service and parts operations. It is tiered to allow dealers to increase their participation over a three-year period, or drop out. Dealers can make some of the easiest, and least costly, changes first, but they are expected to meet the more stringent criteria before the three years are up.

For example, a dealer may immediately implement the sales-prospect tracking system and technician certification program. For most dealers, that would be relatively easy and inexpensive.

On the other hand, the program requires each dealer to have a "quality showroom area" that uses interior design elements designated by the company and is large enough to house two Porsches. For some dealers, it could mean having to build additional showroom space or remodel completely.

Said Burton, "I disagree with their facility requirements. I think they put too much emphasis on showroom. They approach their problems like they're the most profitable franchise around, and many dealers aren't making any money with Porsche."

PRODUCTION

U.S. CAR	Week Ended Mar. 16, 1991	Week Ended Mar. 9, 1991	Mar. to Date	Jan. 1 to Mar. 16, 1991	Jan. 1 to Mar. 17, 1990
Horizon	0	0	0	0	4,578
Sundance	0	0	415	6,669	14,977
Acclaim	2,500	2,569	5,597	21,484	16,012
Total Plymouth	**2,500**	**2,569**	**6,011**	**28,153**	**35,567**
LeBaron A	0	0	0	0	4,243
LeBaron J	0	0	0	4,351	5,657
N. Yorker C-Class	0	0	38	1,945	4,057
Fifth Avenue	0	0	133	5,675	5,588
Imperial	0	0	40	1,667	4,385
Total Chrysler	**0**	**0**	**211**	**13,638**	**23,930**
Omni	0	0	0	0	4,308
Daytona	0	0	0	1,632	3,724
Shadow	0	0	447	7,222	17,169
Dynasty	0	0	777	27,287	24,326
Spirit	2,100	2,291	4,831	19,296	17,970
Total Dodge	**2,100**	**2,291**	**6,055**	**55,437**	**67,497**
CHRYSLER CORP.	**4,600**	**4,860**	**12,278**	**97,228**	**126,994**
Escort	5,591	4,847	10,438	34,091	28,977
Mustang	3,655	0	3,655	11,588	32,321
Tempo	0	3,008	3,681	19,891	24,972
Taurus	3,848	8,231	12,897	55,548	81,807
Thunderbird	2,928	3,441	6,369	14,929	23,343
Total Ford Div.	**16,022**	**19,527**	**37,041**	**136,047**	**191,420**
Topaz	0	1,413	1,623	7,878	9,393
Cougar	2,697	2,110	4,807	10,586	13,750
Sable	1,370	2,276	3,885	17,161	20,425
Total Mercury	**4,067**	**5,799**	**10,315**	**35,625**	**43,568**
Continental	1,180	1,178	2,595	12,379	11,641
Mark VII	209	208	457	2,164	5,774
Town Car	2,771	2,774	6,099	29,111	34,990
Total Lincoln	**4,160**	**4,160**	**9,152**	**43,654**	**52,405**
Total L-M Div.	**8,227**	**9,959**	**19,467**	**79,279**	**95,973**
FORD MOTOR CO.	**24,249**	**29,486**	**56,508**	**215,326**	**287,393**
Skylark/Somerset	2,280	2,059	4,826	25,368	15,749
Century	2,378	0	2,378	12,979	13,991
Riviera	0	344	409	2,509	4,587
Electra/Park Ave.	1,723	1,642	3,821	23,435	12,317
LeSabre	0	0	736	33,069	31,920
Roadmaster Wagon**	382	382	840	2,958	1,391
Reatta	98	88	202	441	1,725
Total Buick	**6,861**	**4,515**	**13,212**	**99,316**	**81,680**
Eldorado	0	448	541	3,256	4,038
Seville	0	827	993	6,116	5,454
Brougham (rwd)	343	454	880	3,692	8,049
DeVille (fwd)	1,600	2,574	4,768	29,536	30,409
Allante	64	62	139	664	704
Total Cadillac	**2,007**	**4,365**	**7,320**	**43,264**	**48,654**
Cavalier	5,000	4,703	11,912	58,083	58,092
Camaro	0	2,065	2,442	7,980	7,979
Corsica/Beretta	6,160	0	6,969	39,589	57,145
Caprice	2,450	2,665	5,632	25,408	24,163
Corvette	470	463	1,030	4,966	4,480
Total Chevrolet	**15,080**	**9,896**	**27,985**	**136,026**	**151,859**
Calais	3,120	2,771	6,465	22,696	16,675
Cutlass Ciera	1,360	0	1,360	9,085	17,840
Cutlass Supreme	2,140	2,181	4,321	20,108	16,548
Toronado	0	205	246	1,458	4,754
88	936	870	2,143	17,372	15,709
Custom Cruiser Wag.***	280	280	616	2,814	850
98	1,000	1,565	2,960	18,439	11,400
Total Oldsmobile	**8,836**	**7,872**	**18,111**	**91,972**	**83,776**
Sunbird	3,102	2,967	6,577	26,699	24,344
Grand Am	4,800	4,737	10,518	42,275	33,311
Firebird	0	551	643	2,016	3,596
Grand Prix	3,027	0	3,645	17,778	18,569
Pontiac 6000	900	0	900	6,233	12,528
Bonneville	2,541	2,698	5,678	16,571	13,984
Total Pontiac	**14,370**	**10,953**	**27,961**	**111,572**	**106,332**
Total Saturn*	**910**	**910**	**2,002**	**8,685**	**0**
GENERAL MOTORS	**48,054**	**38,511**	**96,592**	**490,835**	**472,301**
DIAMOND-STAR	**3,130**	**3,169**	**6,912**	**33,032**	**29,017**
Civic	2,100	2,078	4,582	18,982	27,133
Accord	7,265	7,120	15,845	73,991	66,396
HONDA	**9,365**	**9,198**	**20,427**	**92,973**	**93,529**
MAZDA†	**2,910**	**3,406**	**6,990**	**31,971**	**38,849**
NISSAN	**2,710**	**2,770**	**6,034**	**30,986**	**25,344**
Corolla	2,100	2,089	4,611	22,008	22,763
Geo Prizm/Nova	2,100	2,017	4,539	22,055	20,816
NUMMI	**4,200**	**4,106**	**9,150**	**44,063**	**43,579**
SUBARU-ISUZU	**1,182**	**1,184**	**2,614**	**12,400**	**3,647**
TOYOTA	**4,450**	**4,369**	**9,686**	**46,787**	**47,036**
TOTAL BIG 3	**76,913**	**72,857**	**165,378**	**803,389**	**886,688**
TOTAL TRANSPLANT	**27,947**	**28,202**	**61,813**	**292,212**	**281,001**
TOTAL CARS, U.S.	**104,860**	**101,059**	**227,190**	**1,095,601**	**1,167,689**
TOTAL CARS, CANADA	**22,333**	**20,852**	**47,681**	**193,346**	**210,534**
U.S., CANADA CARS	**127,193**	**121,911**	**274,872**	**1,288,947**	**1,378,223**
U.S., CANADA CARS AND TRUCKS	**179,103**	**204,719**	**424,433**	**1,997,144**	**2,337,865**

CANADIAN CAR	Week Ended Mar. 16, 1991	Week Ended Mar. 9, 1991	Mar. to Date	Jan. 1 to Mar. 16, 1991	Jan. 1 to Mar. 17, 1990
Monaco	0	0	0	329	3,725
Premier	0	0	0	954	1,120
CHRYSLER CORP.	**0**	**0**	**0**	**1,283**	**4,845**
Tempo	3,688	0	4,324	21,675	27,680
Topaz	920	0	1,078	5,708	8,321
Crown Victoria	2,301	2,223	5,123	20,830	24,003
Grand Marquis	2,584	1,903	4,636	5,639	24,868
FORD MOTOR CO.	**9,493**	**4,126**	**15,161**	**53,852**	**84,872**
Celebrity	0	0	0	0	5,267
Cavalier	1,780	1,780	3,560	11,437	22,341
Lumina	4,000	4,878	9,856	32,839	43,409
Regal	0	3,015	3,617	19,159	7,747
GENERAL MOTORS	**5,780**	**9,673**	**17,032**	**63,435**	**78,764**
CAMI	**2,700**	**2,731**	**5,927**	**27,504**	**0**
HONDA	**2,150**	**2,152**	**4,740**	**22,617**	**24,732**
HYUNDAI	**700**	**662**	**1,491**	**8,542**	**3,436**
TOYOTA	**1,330**	**1,347**	**2,952**	**14,279**	**11,985**
VOLVO	**180**	**161**	**377**	**1,834**	**1,906**
TOTAL CARS, CANADA	**22,333**	**20,852**	**47,681**	**193,346**	**210,534**

U.S. TRUCK					
Caravan	1,950	2,037	4,379	21,467	25,851
Dakota	1,950	1,977	3,927	10,808	13,278
Caravan C/V	50	91	155	778	1,630
Ram pickups	1,950	1,971	3,921	10,814	18,925
Total Dodge	**5,900**	**6,076**	**12,382**	**43,867**	**59,684**
Cherokee	0	0	796	14,617	35,666
Comanche	0	0	51	1,075	1,593
Grand Wagoneer	0	0	0	0	910
Wagoneer/Briarwood	0	0	30	514	716
Total Jeep	**0**	**0**	**876**	**16,206**	**38,885**
Voyager	1,550	1,496	3,362	16,490	24,098
Town & Country	50	60	124	631	812
Total C-P Div.	**1,600**	**1,556**	**3,486**	**17,121**	**24,910**
CHRYSLER CORP.	**7,500**	**7,632**	**16,744**	**77,194**	**123,479**
Aerostar	0	3,928	3,928	21,465	35,578
Bronco	0	0	0	11,335	11,366
Bronco II/Explorer	5,815	5,650	12,559	50,344	17,173
Navajo	169	185	433	3,632	0
Econoline	4,126	1,950	6,424	19,640	36,202
Mediums/Heavies	0	840	840	6,650	19,821
Light trucks	3,044	7,197	10,241	42,271	90,113
Ranger	3,582	4,892	9,186	44,918	60,735
Total Ford Div.	**16,736**	**24,642**	**43,612**	**195,855**	**270,988**
FORD MOTOR CO.	**16,736**	**24,642**	**43,612**	**195,855**	**270,988**
Astro	2,590	2,492	5,460	18,019	19,438
Blazer	191	0	233	1,559	2,909
Lumina APV	0	1,126	1,330	5,999	20,054
Mediums/Heavies	160	42	216	1,738	3,204
P-Model	449	446	991	3,311	4,328
Pickups	238	5,115	6,650	38,693	63,779
S-10	445	6,302	7,871	45,849	50,126
S-10 Blazer	0	1,242	1,535	8,814	22,138
Sportsvan/Van	950	900	2,075	6,931	9,967
Suburban	386	0	486	4,230	12,596
Total Chevrolet	**5,409**	**17,665**	**26,847**	**135,143**	**208,539**
Jimmy	82	0	96	549	1,016
Mediums/Heavies	590	566	1,249	4,454	4,064
P-Model	51	62	118	552	576
Pickups	143	2,900	3,483	14,991	17,675
S-15/Sonoma	0	1,094	1,441	10,920	12,869
S-15 Jimmy	0	753	859	4,380	7,610
Safari	770	802	1,846	7,513	6,386
Suburban	706	0	829	4,245	5,543
Vandura/Rally Vans	410	403	862	3,007	4,527
Total GMC	**2,752**	**6,580**	**10,782**	**50,611**	**60,266**
Silhouette	0	898	1,048	2,758	6,177
Bravada	0	640	770	4,719	0
Total Oldsmobile	**0**	**1,538**	**1,818**	**7,477**	**6,177**
Pontiac Trans Sport	**0**	**720**	**848**	**3,417**	**12,403**
GENERAL MOTORS	**8,161**	**26,503**	**40,295**	**196,648**	**287,385**
NAVISTAR*	**1,600**	**1,650**	**3,580**	**15,927**	**16,256**
NISSAN	**2,610**	**2,605**	**5,768**	**29,690**	**32,593**
SUBARU-ISUZU	**800**	**1,018**	**2,101**	**11,885**	**3,868**
AM GENERAL	**400**	**400**	**880**	**4,450**	**4,956**
MISCELLANEOUS	**2,650**	**2,650**	**5,830**	**29,500**	**33,000**
TOTAL TRUCKS, U.S.	**40,457**	**67,100**	**118,809**	**561,149**	**772,519**

CANADIAN TRUCK					
Caravan	2,785	2,839	6,182	27,422	35,694
Caravan C/V	320	335	707	1,482	2,496
Ram Wagon	0	674	818	3,340	4,505
Ram Van	0	1,166	1,409	6,084	11,174
Total Dodge	**3,105**	**5,014**	**9,117**	**38,328**	**53,869**
Voyager	2,015	1,961	4,373	20,158	29,372
Total Plymouth	**2,015**	**1,961**	**4,373**	**20,158**	**29,372**
Wrangler	0	1,458	1,770	8,756	7,692
Total Jeep	**0**	**1,458**	**1,770**	**8,756**	**7,692**
CHRYSLER CORP.	**5,120**	**8,433**	**15,260**	**67,244**	**90,933**
FORD MTR. (lt. trks.)	**2,983**	**0**	**3,571**	**16,358**	**29,254**
Light trucks	0	2,621	3,134	28,708	39,022
Vans	1,420	1,333	2,862	6,168	7,892
Total Chevrolet	**1,420**	**3,954**	**5,997**	**34,876**	**46,914**
Light trucks	0	1,275	1,602	11,289	14,545
Vans	515	592	1,189	3,536	3,254
Total GMC	**515**	**1,867**	**2,792**	**14,825**	**17,799**
GENERAL MOTORS	**1,935**	**5,821**	**8,788**	**49,701**	**64,713**
CAMI	**1,250**	**1,289**	**2,769**	**12,084**	**0**
NAVISTAR	**165**	**165**	**363**	**1,661**	**2,223**
TOTAL TRKS., CANADA	**11,453**	**15,708**	**30,752**	**147,048**	**187,123**
U.S., CANADA TRKS.	**51,910**	**82,808**	**149,561**	**708,197**	**959,642**

Monthly estimates may contain error of one or two units due to rounding.
*Estimate †Total includes MX-6, 626, and Ford Probe
**1990 totals reflect the LeSabre (rwd). ***1990 totals reflect Olds. 88 (rwd)
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz.

Millionth car trails 1990

By Anne E. Wright
AUTOMOTIVE NEWS CHIEF STATISTICIAN

U.S. automakers assembled their one-millionth car of the year last Monday, three days behind 1990.

Year-to-date, 1,095,601 cars have been produced, 6.17 percent below the 1,167,689 that had been built last year at this time.

Last week's estimated production was 104,860 cars, 3.76 percent above the previous week, but 22.74 percent below the year-ago week.

So far this year, U.S. truck production is estimated at 561,149, which is 27.36 percent behind last year's 772,519.

Scheduled truck production last week was 40,457, down 39.71 percent from the prior week and 52.43 percent below the 1990 week.

General Motors scheduled Saturday overtime last week at the A plant in Lansing, Mich.; the car line of the Lordstown, Ohio, facility; and the postal line at the Moraine, Ohio, truck plant.

GM's plant in Lake Orion, Mich., will operate on a one-shift basis until March 25.

Ford Motor Co. scheduled daily overtime last week at the Louisville, Ky., truck plant, which assembles the Ford Explorer.

The company's Lorain, Ohio, car line will be idle this week.

CANADA: Scheduled light-vehicle production in Canada last week totaled 33,786 units, 7.59 percent below the prior week and 27.90 percent below the year-ago week.

Year-to-date light-vehicle production estimated at 340,394, down 14.40 percent from last year at this time.

SCHEDULED PLANT CLOSINGS

Plant	Weeks down	Units lost/ week
FORD		
Dearborn, Mich.	**3/18, 3/25, 4/1**	
Ford Mustang		3,700
Edison, N.J.	**3/18**	2,800
Ford F series		
Ford Ranger		
Michigan Truck	**3/18**	3,000
Ford Bronco		
Ford F series		
GENERAL MOTORS		
Baltimore	**3/18**	
Chev. Astro		1,765
GMC Safari		860
Detroit-Hamtramck, Mich.	**3/18**	
Buick Riviera		335
Cadillac Eldorado		450
Cadillac Seville		805
Olds. Toronado		195
Flint, Mich. (Buick City)	**3/18**	
Buick LeSabre (fwd)		3,900
Olds. 88 Royale		1,150
Fort Wayne, Ind.	**3/18**	
Chev. S10 pickups		1,430
GMC S15 pickups		330
Pontiac, Mich. (West)	**3/18, 3/25**	
Chev. S10 pickups		70
GMC S15 pickups		25
Chev. full-sized pickups		560
GMC full-sized pickups		110
Tarrytown, N.Y.	**3/18**	
Chev. Lumina APV		245
Olds. Silhouette		175
Pontiac Trans Sport		160
Van Nuys, Calif.	**3/18**	
Chev. Camaro		2,110
Pontiac Firebird		540
CHRYSLER		
Belvidere, Ill.	**3/18**	
Chrysler New Yorker		245
Chrysler Imperial		220
Chrysler Fifth Ave.		775
Dodge Dynasty		3,520
Newark, Del.	**3/18, 3/25, 4/1, 4/8**	
Dodge Spirit		2,090
Plymouth Acclaim		2,565
Chrysler LeBaron		1,440
Bramalea, Ontario	**3/18**	
Eagle Premier		875
Dodge Monaco		400

Total U.S. car	**24,040**
Total U.S. truck	**11,530**
Total Canada car	**1,275**
Total Canada truck	**0**
Total units lost week of 3/18	**36,845**

Source: Automotive News Data Center

NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

Cov. 1, Pgs: 2, 8, 18, 41,

44, 45

C2710-3

Automotive News

March 25, 1991

©Entire contents copyright 1991, by Crain Communications, Inc. All rights reserved.
Reproduction or use of editorial content in any manner without permission is strictly prohibited.

66th year—$70.00 per year, $2.00 per copy

AUTOMOTIVE NEWS/JOE WILSDEN

William Fike's assignment as Ford of Europe's new president is to clear up labor and manufacturing problems.

LATAIF RETURNS

Opinions differ on new U.S. role of Ford's mid-1980s sales Wunderkind

By Kathy Jackson
AUTOMOTIVE NEWS STAFF REPORTER

The latest round of executive shuffling has created a sense of *deja vu* at Ford Motor Co.

In 1981, the company's market share had slipped to 20.6 percent, the third consecutive year that Ford's share had tumbled. A year earlier, Harold Poling, then executive vice president for North American Automotive Operations, had announced a $1.5 billion cost-cutting program that included 15,000 job terminations, 6,100 among the white-collar ranks.

"It was the most terrible time at Ford," said a 24-year Ford veteran. "The only bright spot may have been Lou" Lataif.

Lataif, then 42, was named a company vice president and general manager of Ford Division in March 1981 after holding various sales and marketing jobs since joining Ford in 1964.

Now, a decade later, Ford again is facing tough times.

Sales are off and the company's market share slipped last year.

Poling, now chairman, has announced another $1.5 billion cost-cutting program. Salaried workers fear layoffs.

Ford needs to sell cars.

Lataif, now a seasoned 52-year-old executive, has been summoned back to Dearborn after three years as president of Ford of Europe Inc. He will fill a newly established post of vice president for quality and marketing.

In a prepared statement, Poling said, "A primary mission for Mr. Lataif's position will be to lead an intensified worldwide focus to achieve a strategic competitive advantage for the company through total customer satisfaction with Ford products and services."

The marketing and corporate

see FORD, page 42

Dealership dream ruined; bank sues Palmer friend

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

James O'Neal Jr., president of APAG Holdings Inc., said he would build an automotive Goliath comprising 82 franchises with sales of $2 billion by the end of 1991. Under the aegis of the Arnold Palmer Automotive Group, he boasted APAG Holdings Inc. would be the "Saks Fifth Avenue or Nieman-Marcus" of the auto dealership community.

That plan never materialized.

Today, O'Neal and his APAG Holdings are mired in a lawsuit with Sun Bank for defaulting on loans for what appears to be the only dealership APAG Holdings ever acquired, Braun Cadillac in Orlando, Fla. Last December, O'Neal was removed from the dealership's management when it fell into receivership.

Moreover, the Arnold Palmer Automotive Group is distancing itself from O'Neal, who was admitted to a Florida hospital for stress-related illness. O'Neal's hospitalization is slowing progress on Sun Bank's lawsuit.

It was a hectic two-year ride for O'Neal, a former banker from Indiana, who said he was organizing a network of nationally recognized retail dealerships under APAG Holdings.

The network was to include the Coggin-O'Steen chain of dealerships in Florida and Kentucky; the Don Massey group of dealerships in Michigan and Colorado; and perhaps even Arnold Palmer's dealerships.

O'Neal claimed to have raised $250 million from a privately placed stock offering through Bankers Trust in New York. That was to have been followed by a public stock offering. But O'Neal also sought capital from GE Capital Corp. and elsewhere, said Luther Coggin.

A longtime friend of the celebrity golfer, O'Neal was president of numerous Palmer dealerships and businesses. They traveled together extensively, including a visit to China. O'Neal recalls the China

see PALMER, page 42

Mitsubishi 5-year plan treads the high road

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — Mitsubishi Motors Corp. is flying these days. That's the way President Hirokazu Nakamura sees it. He calls the company's five-year plan for the future the "F-Campaign."

That's "F" for Flight.

Previous campaigns were called "J" or "Jump" campaigns. "But when you jump, eventually you drop," says the 65-year-old Nakamura, explaining the change. "When you fly, you can just go higher."

Nakamura has sky-high plans.

Indeed, by almost any measure, Nakamura has sky-high plans for Mitsubishi:

- A 30 percent increase in sales, to 3 trillion yen (about $22.2 billion) by 1995, with a doubling of pretax profit, to 100 billion yen.
- A 10 percent share of the Japanese market, up from the current 7.5 percent.
- Overseas production of 800,000 units, including 240,000 capacity in the United States, up from 190,000.
- European production of 100,000 units.

The plans are ambitious, but Mitsubishi is exhibiting strong signs of growth. The Japanese auto industry is expected to show a 5 percent increase in sales for the fiscal year ending March 31, Nakamura says. But Mitsubishi sales will be up 10 percent, to 750,000 units, he says.

While sales tumbled for just about every other maker in the U.S. market during the Persian Gulf war — including venerable rival Honda Motor Co. — Mitsubishi sales rose 68.9 percent to 22,889 cars and trucks in February.

AUTOMOTIVE NEWS / DAVID L. BURHANS

Mitsubishi is building momentum with a string of new models that have been winning awards in the United States and Japan, particularly the 3000GT, also sold as the Dodge Stealth, and the Diamante, which has blitzed the luxury market in Japan and gained a reputation in the United States, even before its May introduction.

Nakamura readily admits that Mitsubishi is not starting its up-

see MITSUBISHI, page 26

Chrysler expands market with low-priced minivan

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

Chrysler Corp. Chairman Lee Iacocca is driving his minivan to the heart of the U.S. auto market with a lower-priced value version of the Dodge Caravan and Plymouth Voyager.

Chrysler's plan to add incremental sales at the bottom end of the minivan segment is a new strategy in the company's continuing effort to dominate the market it created in 1983. Retail price of the seven-passenger value van is $14,208; the five-passenger version is $13,811. Those contrast with the current average retail price of $17,500 for a Caravan or Voyager, Chrysler said.

Dealer orders are strong for the value van, said James R. Julow,

see MINIVANS, page 41

LOW-END MINIVANS

Table compares manufacturer's suggested retail price for each basic 5-passenger minivan plus automatic transmission and air conditioning. They have 4-cylinder engines unless otherwise noted.

Value Caravan/Voyager*	$13,811
Regular Caravan/Voyager*	14,123
Ford Aerostar (V-6)	14,645
Chevrolet Lumina (V-6)	15,535
Mazda MPV	15,564
VW Vanagon	16,535
Toyota Previa	16,568

*The value version of Dodge Caravan/Plymouth Voyager has more equipment than the regular version.

NEWSPAPER

#26J0000000005-DIGIT 20814
#03032290B 2#01AN1125I 99Y1Z
ACQ EDITOR
ACQ EDITOR SRI
CONGRESSIONAL INFO SERV
4520 EAST-WEST HWY STE8
BETHESDA MD 20814

Shaky auto loans rattle bankers:
Caught between turmoil in their own industry and the auto industry's slump, bankers are looking at ways to keep writing a large share of loans for new cars. Story on Page 2.

Washington boosts alternative fuels, bruises Bryan bill

By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Alternative fuels got a big push on Capitol Hill last week while the prospects dimmed for Sen. Richard Bryan's corporate average fuel economy bill.

The Nevada Democrat suffered a setback despite the fact that his bill cleared its first legislative hurdle. Key supporters have begun to waver, and two Cabinet members said they would recommend a veto if Congress passes the bill.

Their reasons: Vehicles would have to be lighter, and thus would be less safe, if they had to meet Bryan's goal of a 20 percent gain in CAFE by the 1996 model year and 40 percent by 2001.

Bryan himself said his bill faces some tall hurdles as it heads towards the full Senate.

"It's going to be very tough going," he said before addressing the Automotive Press Association in Detroit on Friday. The auto industry has mobilized a very effective "phalanx" of lobbyists, he said. And while Bryan said it was premature to talk about a compromise, he seemed prepared to claim partial victory in helping make energy a public policy issue again.

The Cabinet members' linking of safety and fuel economy demonstrated again how automotive issues have become intertwined as Washington debates how to reduce energy use and make cars and trucks safer. And there was a lot of debate and action last week as Congress hurried to finish work before taking a two-week Easter break.

Specifically:

- The federal government announced a new rule mandating passive restraints on light trucks.
- Debate on President Bush's National Energy Strategy and one comprehensive energy bill continued in the Senate, while another, tougher energy bill was introduced by Sen. Timothy Wirth, D-Colo. To counter, House Republicans entered the energy debate with their own bill, much like the Bush bill and conspicuously void of CAFE recommendations.
- Legislation mandating the sale of alternative fuels and giving tax credits for vehicles converted to run on clean fuels was introduced in both houses.
- Bills earmarking $50 million for electric car research were introduced in both houses of Congress.
- Hearings began on another Bryan bill, which would mandate air bags in passenger cars and light-duty trucks.

On the CAFE front

Early in the week, the Senate Commerce Committee voted 14-5 to approve Bryan's CAFE bill.

But by week's end, more of the bill's 35 sponsors were expressing doubts about its feasibility. And Transportation Secretary Samuel K. Skinner and Energy Secretary James D. Watkins said the administration "strongly opposed" the bill and would recommend a presidential veto.

Wirth, who had been an outspoken supporter of the bill, said he now thought it "was too ambitious." But he still included

see CONGRESS, page 44

UNDER A CLOUD

Mercedes-Benz stands behind Niefer, but whispers of resignation are loud

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

Other German automakers are not gloating over Niefer's troubles.

FRANKFURT, Germany — At a time when Mercedes-Benz AG expected to be basking in the glow of the new S class, the company's flagship automobile is being overshadowed by personal problems surrounding its chairman.

The growing debate in Germany is over whether Werner Niefer, who as Daimler-Benz AG's No. 2 executive oversees all Mercedes car and truck operations, should resign.

Acting on anonymous tips about military-related exports to Iraq, German authorities earlier this month raided the homes and offices of several Mercedes executives, including Niefer. The Stuttgart attorney's office is also probing possible kickbacks received by employees who arranged the deals.

Two weeks earlier, Niefer's home and office were searched by authorities looking for evidence in a tax investigation that likewise started with an anonymous tip.

Moreover, Niefer was at the wheel of a travel bus in Rome last July that hit and seriously injured a tourist — a woman from Stuttgart. The case is still under investigation by German and Italian prosecutors.

"If I were Niefer, I would call it a day," said one high-ranking German auto industry executive.

But Niefer, 62, has denied any wrongdoing and vows to stay on. Mercedes officials say there is a campaign to discredit him.

The jovial, back-slapping former tool-and-die maker rose through the ranks from the factory floor during a 40-year career with Mercedes. Niefer is due to retire when his contract expires at the end of 1993.

But as personal problems mount, an increasing number of officials inside Mercedes say privately that they expect him to step down.

On March 14, the offices and homes of Niefer and nine other Daimler-Benz managers were searched by more than 100 police, customs and state prosecu-

see NIEFER, page 2

Shaky auto loans unite bankers

Lenders clamp down on own costs, credit risks sent by dealers

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

BOSTON — More than 200 consumer bankers gathered here last week to talk about the state of auto financing — and they had some harsh words for auto dealers.

Take Dale C. Miller, for example. The senior vice president of dealer corporate services for Bank of America said bankers should stop doing business with dealers who waste banks' money by turning in substandard loan applications.

"There are not many of us who have ever said to those dealers, 'Hey, do us a favor and go away,'" Miller told the Consumer Bankers Association convention.

Then there was Walter Day III. The senior vice president of Mellon Bank in Pittsburgh cited cases where dealers sent in 100 applications for financing — and only four were worthy of approval.

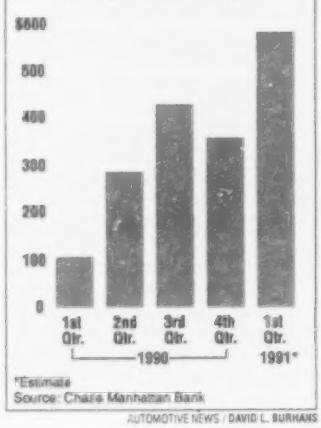
Megadealers also were singled out.

"One of my biggest nightmares is buying too much paper from one dealer, and megadealers multiply that," said Richard T. Schliesmann, senior vice president of Wells Fargo Bank in Pleasant Hill, Calif.

Bankers and auto dealers have been at odds before, particularly during recessions. While bankers gripe about dealers pushing bad credit risks, dealers have been known to call bankers fair-weather friends who bend their standards when it suits them.

Chase vs. dealers

When a customer defaults on a car loan, dealers lose part of the commission they get for arranging the loan. Before 1990, Chase Manhattan Bank recovered about $35,000 per quarter from dealers. Chart shows quarterly collections under intensified program, which uses computer calls, letters and lawsuits.
Figures in thousands of dollars.



*Estimate
Source: Chase Manhattan Bank

AUTOMOTIVE NEWS / DAVID L. BURHANS

But times like these exacerbate the tensions. While the U.S. banking industry is in turmoil, banks that handle auto loans also are competing with automakers' captive finance companies. And with cars sales down, there are fewer loan opportunities available.

At the same time, bank departments that handle auto financing are competing for funds with more lucrative profit centers in their own companies. They are pressured internally to stay clear of car loans when many of them are going sour.

Still, banks are the No. 1 source of auto financing, representing 44 percent of the nation's auto-related receivables. And the main thrust of the three-day Consumer Bankers convention was how to hang on to that business.

Automakers' captive finance companies — principally Chrysler Credit Corp., General Motors Acceptance Corp. and Ford Motor Credit Co. — have 28 percent. Credit unions and independent loan companies have the rest.

William E. Odom, chairman of Ford Credit, provided the lone perspective from the captive side.

"Contrary to what the banks think about captives, it would not be in our best interests to take over your business," Odom said.

Some big banks, including Marine Midland Bank and Citicorp in New York, and Security Pacific Corp. in California, had attempted to take on the captives, but they ended up retreating to their home markets. Ford Motor Co. recently bought out Marine Midland's nationwide business, and the bank has stopped writing new business

see BANKERS, page 41

Nissan only makes loans to its own

By Kristine Stiven Breese
AUTOMOTIVE NEWS STAFF REPORTER

LOS ANGELES — It's a sign of the times.

Nissan Motor Acceptance Corp. told Nissan dealers at the start of the year that it would stop providing retail financing on vehicles sold by non-Nissan dealerships. In other words, the finance subsidiary no longer wants to help its dualed-dealers and megadealers sell competitive products. About 51 percent of the nation's 1,100 Nissan stores are dualed.

"Our human, facility and financial resources were being stretched thin," said John French, director of product management for Nissan Motor Acceptance. "We decided that we couldn't let the non-Nissan business grow at the expense of what we wanted to do for Nissan."

French says non-Nissan financing had grown "way too high," to almost 15 percent of the company's total retail portfolio. He adds that Nissan Motor Acceptance has already replaced almost all of the non-Nissan business it would have sold with Nissan financing.

French says a change in economic climate could reverse the decision, but he doesn't foresee it.

Some dealers say the new policy has frustrated them. They say that Nissan's decision has exacerbated the credit crunch they are facing as more and more banks pull out of the retail auto lending business.

"If somebody's in the business of buying retail paper, they should buy all the paper they can, regardless of make," said Leon Larson, dealer principal at Schrier-Larson Motor Center (Nissan-Toyota-Pontiac) in Sioux City, Iowa.

Larson said he used to sell about 20 percent of his paper to Nissan Motor Acceptance. That has dwindled to less than 15 percent since January.

Nissan continues to honor contracts it signed before Jan. 17, 1991. The company has an estimated 350,000 loans outstanding.

Stephen Cushman, who has eight dealerships outside San Diego, said he regrets Nissan's move but wasn't surprised by it.

The decision "was disappointing because they were a good source of financing," Cushman said. "But as a Nissan dealer, I understand. Their number one job is to sell Nissans."

Indeed, Cushman and others believe that other captive finance companies will also eliminate competitive financing.

"Everybody's going to have a have a captive (finance company) if they're going to make it through the decade. And captives by their very nature are established to sell the company's own products," says Mark Lasher, general manager at Koeppel Nissan in Queens, New York.

"I don't think I'd buy a franchise today that didn't have a captive."

INDEX

Around the world	19-21	Legal briefs	22
Auction dates	34	Letters	14
Classifieds	35-39	Obituaries	25
Coming events	34	Opinion	12
Dealing with dealers	14	Personnel	23
Incentive watch	44	Production	45
Keith Crain	12	Truck industry	18
Late news	8		

66th year—No. 5385

Advertising Production Department (313) 446-6063
Circulation Department
In Michigan (313) 446-0480
Outside Michigan 1-800-992-9970
Classified Ad Department (313) 446-6065
Display Ad Department (313) 446-6030
Editorial & Business Offices (313) 446-6000

AUTOMOTIVE NEWS (ISSN 0005-1551) is published weekly except semiweekly the fourth week in May at 1400 Woodbridge, Detroit, MI 48207-3187. Second-class postage is paid at Detroit, MI and at additional mailing offices. Postmaster: Send address changes to AUTOMOTIVE NEWS, Circulation Department, 965 E. Jefferson, Detroit, MI 48207-3185.

LATE NEWS

Explorer, Navajo recalled for bumper and fuel tank defects

Ford Motor Co. and Mazda Motor of America Inc. are recalling 1991 Ford Explorer and Mazda Navajo sport-utilities for possible defects in the rear bumper and fuel tanks.

When a bumper-mounted hitch is used for towing, the rear bumper reinforcement may crack, which could cause the bumper to fall off the vehicle. Until the vehicles are inspected, Ford and Mazda recommend they not be used with bumper-mounted hitch balls for trailer towing. The recall affects about 210,000 Explorers and 9,980 Navajos.

The fuel tank recall involves 6,424 Navajos and about 24,800 two-door Explorers. A fuel tank heat shield may rub against the fuel tank, possibly causing a small cut in the upper half of the tank that could allow fuel to leak.

Ford also is recalling about 18,000 Explorers to check for possible leakage of fuel or fuel vapors from the top of the fuel tank where the vapor vent valve is mounted. The valve mount may not be properly welded, which could allow fuel to leak when the tank is being filled.

Nissan recalls 165,00 '90 Sentras

CARSON, Calif. — Nissan Motor Corp. in U.S.A. is voluntarily recalling about 165,000 1990 Nissan Sentra sedans and wagons to repair the front seat belts.

Nissan said the belts may become frayed near the retractor due to a problem with the belt guide. The 1990 Sentra coupe and 1991 Sentras are not involved in the recall.

Ford recalls Town Cars, Probes

DEARBORN, Mich. — Ford Motor Co. is recalling 1991 Lincoln Town Cars to inspect fuel lines and 1991 Probe GL models for possible seat belt problems.

About 13,400 Town Cars are being checked for proper routing of fuel lines in the engine compartment. In some cases, misplaced lines may rub against steering shafts, which could cause leaks.

Owners of about 8,000 Probes are being contacted to have two additional bolts installed in the mounting brackets for the front-seat shoulder belt retractor assembly. The bolts are needed because some spot welds on the bracket assembly may be weak.

Hyundai price hikes average 1.5%

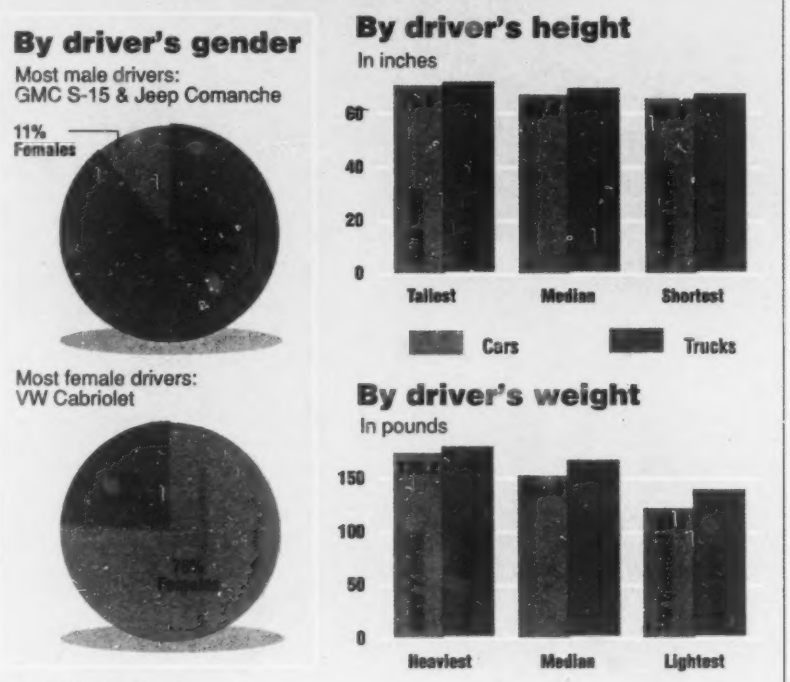
LOS ANGELES — Hyundai Motor America has raised prices an average of 1.5 percent on its 1991 cars. The new prices take effect today.

The entry-level Excel three-door hatchback starts at $6,375, up $100. The base Scoupe also rose $100, to $8,495, and the Sonata sedan now starts at $10,900, up $200.

Like Toyota, Nissan, Honda, Mazda and others, Hyundai cited currency fluctuations and higher production and manufacturing costs as reasons for the price hike.

— Kristine Stiven Breese

Most popular vehicles by driver's characteristics



Source: J.D. Power and Associates

AUTOMOTIVE NEWS / MARTHA GRATTAN

Ford to withhold Crown Victoria, Grand Marquis from fleets for '92

DETROIT — Ford Motor Co. said it will not sell 1992 Crown Victoria and Grand Marquis models to fleets.

Ford will concede some sales to Chevrolet in not offering those restyled full-sized vehicles to fleets in the cars' first year of production. But the automaker said it thinks it can sell all 250,000 of the new cars to individuals.

The Crown Victoria, with a base price of $18,728, officially went on sale last Thursday. The Mercury Grand Marquis, with a base price of $19,361, goes on sale in two weeks.

Those two full-sized cars, along with the similarly sized Chevrolet Caprice, have made up a vast majority of car sales to taxi companies and police agencies.

Richard Beattie, marketing plans manager for Ford Division, said the automaker should begin selling the cars to fleets in the second year of production.

— The Associated Press

Chrysler Financial is for sale

HIGHLAND PARK, Mich. — Chrysler Corp. has confirmed that it is willing to sell either a minority interest of more than 25 percent or a controlling interest in Chrysler Financial Corp.

Chrysler approached its Japanese partner Mitsubishi Motors Corp. about buying part of Chrysler Financial, but Mitsubishi has said it is not interested, Chrysler said.

Chrysler seeks to sell an interest in its financial subsidiary to raise cash and to boost Chrysler Financial's credit ratings. The subsidiary's cost of borrowing has risen because rating agencies have downgraded the debt securities rating of Chrysler Corp.

Chrysler said it continues to talk to several unidentified companies about purchasing the financial firm.

GM to invest $1 billion if Brazil provides tax break

SAO PAULO, Brazil — General Motors plans to invest $1 billion in Brazil during the next five years.

GM Vice Chairman John F. Smith Jr. attached one condition: The Brazilian Congress must approve President Fernando Collor de Mello's industrial competitiveness program that would give tax exemptions on imported machines and equipment to companies that modernize production lines.

Andre Beer, vice president of GM do Brasil, said the program would reduce investment costs as much as 25 percent.

GM's investment would go toward building the Senator family sedan and the Chevette, which would be altered to carry a smaller Japanese engine.

— Rik Turner

IRS audits dealerships to foil drug dealers

SAN FRANCISCO — Tax auditors are scouring the San Francisco Bay area for car dealers who sold "muscle" cars for more than $10,000 without telling the government.

The "special compliance project" is intended to foil outlaws who buy pricey wheels with illegal money, said Larry Wright, a spokesman for the Internal Revenue Service in San Francisco.

The IRS requires car dealers to file Form 8300, listing the buyer's name and Social Security number, in all cash sales of $10,000 or more. The agency then cross-checks the forms against the buyer's income tax return.

Drug lords often are reluctant to reveal the information to auto dealers and threaten to take their money elsewhere.

The fine for violating the law is $25,000 or 10 percent of the transaction, whichever is higher, according to the IRS.

— The Associated Press

Fiat announces lay offs

TURIN, Italy — Fiat said it will lay off 35,000 workers for five days next week and cut back its monthly production by about 20,000 units.

A spokesman said the decision, affecting one-third of Fiat's automobile work force, was made in view of a worldwide slowing of car sales.

On the Italian market, auto sales fell 6.4 percent in February from a year earlier.

— The Associated Press

BRIEFLY: *NSX repair shop in Arizona comes with a peanut gallery*

A delicate operation got underway in Scottsdale, Ariz., last week. The patient: a black 1991 Acura NSX. The doctors: mechanics at Raintree Auto Body and specialists from **Acura** and Celette, a French maker of collision repair benches. The diagnosis: severe contusions and abrasions along the left side and some internal injuries resulting from a close encounter with a highway guardrail.

The work is billed as the first repair of the hand-built sports car, for which dealers have charged more than $100,000, although the sticker is about $60,000. About 30 people turned out each day to watch, said David Perry, executive director of the Certified Collision Repair Association of Arizona. Celette even served lunch.

Raintree had to invest in new tools not contaminated by sheet metal to work on the all-aluminum body, manager Terry Lane said. "Our learning curve on this one is straight up," he said. Mechanics studied manuals and videotapes for two weeks prior to the repair and have been exchanging faxes with Japan. Lane said working before a crowd has not caused any problems.

The patient's prognosis: another 12 to 15 days for a complete recovery. The bill: about $36,000 for the unidentified Scottsdale doctor who owns the car.

DREAM ON: Honda's ad agency, Rubin Postaer & Associates, was honored last week by the Western States Association of Advertising Agencies. Eric Conn, Honda advertising manager, poked fun at **Chrysler Corp.** Chairman Lee Iacocca for comparing Chrysler to Honda. Conn said Chrysler sales dropped and Honda sales jumped after Chrysler launched the "Meet the Cars that Beat Honda" campaign last year. Conn unveiled an ad he'd like to run — a two-page spread with a shot of the Accord. Underneath run the words: In Your Dreams, Lee.

GALLOWS HUMOR: Bankers aren't known as comedians, especially in the midst of a recession. But speakers at the Consumer Bankers Association auto finance convention last week managed some humor.

"In 1986, we hired Jeanne Dixon, the psychic, to predict how things would be in 1991," said George B. Williams, senior vice president of AmSouth Bank in Birmingham, Ala.

"She looked in her crystal ball and said that from '86 to '91, it was going to be rough, really rough.

"She saw heart attacks, ulcers, a lot of stress all around.

" 'So what's going to happen in '91?' we asked. 'You'll get used to it,' she said."

And how bad is it?

"Business is so bad out there, I had a dealer tell me people who don't even intend to pay for the car aren't interested in buying," said Robert P. Noble III, executive vice president of Wachovia Bank & Trust Co. in Winston-Salem, N.C.

GENERALLY GOOD IDEA: Chrysler Corp. watchers have assumed there are two crown princes — Bob Lutz and Steve Miller — in line to succeed Lee Iacocca when he eventually retires as chairman.

But in an interview in *Fortune* magazine Iacocca suggests there are "four or five" good candidates inside the company who might succeed him. He is mum on who those insiders might be. But Iacocca is more vocal on another possible successor — Gen. Norman Schwarzkopf.

"He's a brilliant strategist and a hard worker, and he's going to leave the Army. He knows objectives and he must know people, and he sure would have discipline, wouldn't he? What else does an executive need?" Iacocca asked.

GM HELPS GULF: The war's over, but the cost goes on. **General Motors** and its employees are helping, pitching as much as $750,000 toward the $30 million goal of the American Red Cross Gulf Crisis Fund for people displaced by the war.

AND ON U.S. SHORES: Soldiers, sailors and their spouses are being offered $800 off the price of any new **General Motors** car, on top of any general rebate. The deal applies to all service personnel and to reservists who have been called to active duty.

TRUCK INDUSTRY

FEBRUARY 1991 TRUCK SALES BY GVW

	Feb. 1991	Feb. 1990	2 mos., 1991	2 mos., 1991
Class 1-3	84,765	101,444	159,771	210,245
Class 4	1,637	2,041	3,164	4,146
Class 6	404	282	841	724
Class 7	1,613	2,094	3,243	4,566
Class 8	628	803	1,248	1,915
FORD	**89,047**	**106,664**	**168,267**	**221,596**
Class 8	1,864	1,870	3,702	3,972
FREIGHTLINER	**1,864**	**1,870**	**3,702**	**3,972**
Class 1-3	74,312	94,797	144,610	196,981
Class 4	79	0	164	0
Class 5	19	31	26	49
Class 6	318	587	602	1,294
Class 7	564	666	997	1,265
CHEVROLET	**75,292**	**96,081**	**145,399**	**199,589**
Class 1-3	19,270	22,915	36,366	49,529
Class 4	37	0	74	0
Class 5	32	508	66	642
Class 6	344	474	617	744
Class 7	730	1,018	1,584	1,835
GMC	**20,413**	**24,915**	**38,707**	**52,750**
Class 7	23	38	38	57
Class 8	822	1,300	1,870	2,500
KENWORTH	**845**	**1,338**	**1,908**	**2,557**
Class 6	50	102	88	210
Class 7	67	136	119	280
Class 8	746	959	1,508	1,884
MACK	**863**	**1,197**	**1,715**	**2,374**
Class 6	22	40	35	80
Class 7	54	78	102	164
MERCEDES-BENZ	**76**	**118**	**137**	**244**
Class 4	3	5	6	7
Class 5	3	8	13	16
Class 6	416	979	758	1,741
Class 7	2,866	2,535	4,738	5,049
Class 8	1,802	1,917	4,307	4,092
NAVISTAR	**5,090**	**5,444**	**9,822**	**10,905**
Class 7	27	30	35	54
Class 8	670	901	1,510	2,034
PETERBILT	**697**	**931**	**1,545**	**2,118**
Class 7	26	40	54	106
Class 8	556	937	1,184	1,913
VOLVO/GM HEAVY	**582**	**977**	**1,238**	**2,019**
Class 1-3	23	26	49	51
Class 5	36	34	74	61
Class 6	47	65	98	100
Class 7	41	98	92	173
HINO	**149**	**223**	**313**	**385**
Class 1-3	35	55	70	106
Class 5	71	55	123	123
Class 6	31	30	47	57
Class 7	25	34	50	73
NISSAN DIESEL	**162**	**174**	**290**	**359**
Class 1-3	461	460	831	998
Class 4	89	49	132	101
Class 5	29	15	54	39
Class 6	66	219	98	329
Class 7	29	20	47	102
ISUZU TRUCK	**674**	**763**	**1,162**	**1,569**
Class 1-3	98	146	214	277
Class 5	56	62	92	118
Class 6	19	23	58	39
Class 7	11	68	56	101
MITSUBISHI FUSO	**184**	**299**	**420**	**535**
Class 8	4	12	7	22
SCANIA	**4**	**12**	**7**	**22**
Class 1-3	—	101	—	190
Class 4	—	33	—	58
Class 5	—	13	—	23
Class 6	—	9	—	18
IVECO TRUCKS	**0**	**156**	**0**	**289**
Class 8	62	82	135	150
WESTERN STAR	**62**	**82**	**135**	**150**
Class 1-3	111,106	108,799	216,816	257,617
Class 6	0	0	—	34
Class 7	0	0	—	1
Class 8	34	53	69	105
OTHER TRUCKS	**111,140**	**108,852**	**216,885**	**257,757**
CLASS 1-3	**290,070**	**328,743**	**558,727**	**715,994**
CLASS 4	**1,845**	**2,128**	**3,540**	**4,312**
CLASS 5	**248**	**726**	**448**	**1,071**
CLASS 6	**1,717**	**2,810**	**3,242**	**5,370**
CLASS 7	**6,076**	**6,855**	**11,155**	**13,856**
CLASS 8	**7,188**	**8,834**	**15,540**	**18,587**
TOTAL TRUCKS	**307,144**	**350,096**	**592,652**	**759,190**

SOURCE: Automotive News Data Center and MVMA

Freightliner medium-duty line bows; low-end models eyed

By Joseph Bohn
TRUCK EDITOR

PHOENIX, Ariz. — As Freightliner Corp. introduces its new Business Class of medium-duty trucks, officials at parent company Mercedes-Benz AG in Germany are sighting smaller truck segments that they don't yet cover.

"We are working on that," said Helmut Werner, vice chairman of Mercedes-Benz, at the unveiling of the medium-duties.

"Last year, we decided that we first want to bring to life this Class 6-7. Then, we also looked into Classes 3-4-5. I believe 3-4-5 will have a big priority," added Werner, who heads Mercedes' worldwide commercial operations.

"We are in the definition phase right now," he said.

Mercedes-Benz invested $100 million to produce its new-from-the-ground-up medium-duties, which went into production in Cleveland, N.C., in July.

The company will invest a total of $200 million in the United States during the next five years to add new medium-duty cabovers to the Business Class and to upgrade other products in Class 8, Werner said.

If Freightliner's plans materialize, the United States will soon rival Brazil as Mercedes-Benz's second-largest worldwide truck-producing center behind Europe, Werner said.

But Brazil will continue its much larger in-house production of components, he added.

Freightliner's trucks and components have sufficient quality to be exported, Werner said, but the dimensions of the vehicles wouldn't meet legal requirements in Europe.

Still, Freightliner has begun shipping kits for final assembly to Australia and Mexico and is looking at potential exports to Central and South America to shore up its globalization and manufacturing operations, said Dieter Zetsche, Freightliner president and chief executive officer.

Werner said he anticipates "tremendous improvements" in Freightliner's profitability in 1991 and "a very much acceptable profit situation in 1992."

Officials don't look for much change in truck sales this year, but they expect a good upturn to begin in 1992 and carry through 1993-1994. They look for some falloff in 1995, due to stiffer emissions standards.

Freightliner's new medium-duties reflect its determination to become a bigger player in Classes 6-7 in which it accounted for only 1.33 percent of the 123,553 units sold in the United States last year. The company also expects economic and regulatory events that could dramatically alter the sales mix in Classes 6-7-8.

Regional hub-and-spoke distribution systems continue to increase, favoring medium-duty models. So do improvements in mid-range diesel engines that enable smaller trucks to handle bigger loads. Requirements for certified driver licensing in Classes 7 and 8 also favor Classes 5-6 transportation.

Requirements that half of fleet vehicles in Class 6 and below use alternative fuels by 1998 also influenced the company in its investment.

The new Business Class trucks are available in families: the FL with Cummins B5.9-liter or C8.3-liter domestic engines and the MB with Mercedes-Benz OM 366LA engines.

The trucks will be available initially in a conventional cab and, subsequently, in low-cabover configurations.

They are offered in three classes: a 60 series for Class 6, a 70 series for Class 7 and an 80 series — a "Baby 8" for Class 8.

The FL60 and MB60 series range from 21,000 to 25,500 pounds gross vehicle weight, with engine horsepower from 160 to 190.

The FL70 and MB70-series cover the heart of Class 7 with 27,000 to 33,000 pounds gross vehicle weight. Engine horsepower ranges from 160 to 250 hp.

The FL80 and MB80 cover a 33,001 to 56,000 pound gvw range. Their engines produce 210 to 275 hp, with tandem axle ratings to 34,000 and 40,000 pounds.

Additional component and model availability will occur in stages in the next two years, with bigger engines and tandem axles scheduled for an early 1992 debut and the low-cabover models and larger single-drive axles for 1993.

Mercedes-Benz invested $100 million to produce its new Freightliner Business Class line of medium duties, which are produced in North Carolina.

Dealers love new line, but not prices

PHOENIX — Freightliner dealers are enthusiastic about the new line of trucks, but express some concern they may not be competitively priced.

"Everybody (dealers) is hyped and ready to go. If you talk to any of the dealers, they'll tell you they liked very much what they saw. I wish I had them (trucks) right now," said Louis Schwartz, owner of Louis Schwartz Inc., a metro New Orleans Mercedes/Freightliner/Isuzu dealer.

Freightliner held its dealer meeting following a press preview.

The concern that the trucks may be overpriced relative to competition appears to be a minor one, since Freightliner will be under considerable pressure to make a success of its new models.

James Hebe, Freightliner senior vice president of sales and marketing, said the company's long-term goal is to have 300 medium duty outlets in the United States as an optimum number.

They will be structured into 15 medium-duty-only dealers; 150 full-line Class 6-8 dealers and 10 heavy-duty-only dealers. The figure will also include up to 100 dealer satellites or service-only outlets.

Hebe said 120 U.S. Freightliner and Mercedes-Benz dealers and 33 Canadian ones have been granted the new medium duty dealer agreement thus far. These 153 North American dealers operate a total of 171 outlets.

Some 12 U.S. and one Canadian dealer represent medium duty Freightliner trucks only.

The remaining 140 are full-line Freightliner dealers.

— Joseph Bohn

TRUCK BRIEFS

GM focuses 'smart' r&d

PALM BEACH GARDENS, Fla. — General Motors created a special office to coordinate all its Intelligent Vehicle Highway System research and development projects, Clifford J. Vaughan, vice president and group executive of GM Truck & Bus Group, told the Truck Rental and Leasing Association.

Vaughan cited the importance of technologies such as automated vehicle identification and weigh-in-motion technology in improving the flow of commercial traffic.

He said GM sees industry sales of 4.5 million trucks in the 1991 model year, including 4.3 million light, 115,000 medium and 95,000 to 100,000 heavy models. That is off from 4.9 million in 1990, with 4.6 million light, 136,000 medium and 127,000 heavy trucks sold.

Rockwell consolidates

CEDAR RAPIDS, Iowa — Rockwell International Corp. combined its Automotive Electronics organization with its Mobile Communication Satellite Systems business.

David G. Lammers, vice president of the Mobile Communication operation, heads the new group.

Rockwell plans to provide complete integrated mobile asset management systems for operations.

Truck equipment studied

LIVONIA, Mich. — The National Truck Equipment Association has produced a comprehensive 59-page study of the commercial truck industry, its operations and sales, based on surveys of 400 members, including commercial truck chassis makers and body equipment producers and distributors.

Industry sales in 1989 were an estimated $10 billion, with nearly 450,000 truck bodies produced. The average distributorship has sales of $2.6 million.